

MILLENNIUM CHALLENGE COMPACT

BETWEEN

THE UNITED STATES OF AMERICA

ACTING THROUGH

THE MILLENNIUM CHALLENGE CORPORATION

AND

THE GOVERNMENT OF BURKINA FASO

MILLENNIUM CHALLENGE COMPACT

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MILLENNIUM CHALLENGE COMPACT

PREAMBLE

This MILLENNIUM CHALLENGE COMPACT (this “**Compact**”) is between the United States of America, acting through the Millennium Challenge Corporation, a United States government corporation (“**MCC**”), and the Government of Burkina Faso (the “**Government**”) (individually, each of MCC and the Government, a “**Party**,” and collectively, the “**Parties**”).

Recalling that the Government consulted with the private sector and civil society of Burkina Faso to determine the priorities for the use of Millennium Challenge Account assistance and developed and submitted to MCC a proposal for such assistance; and

Recognizing that MCC wishes to help Burkina Faso implement a program to achieve the Compact Goal and Project Objectives described herein (the “**Program**”),

The Parties hereby agree as follows:

ARTICLE 1.

GOAL AND OBJECTIVES

Section 1.1 Compact Goal. The goal of this Compact is to reduce poverty in Burkina Faso through economic growth (the “**Compact Goal**”).

Section 1.2 Project Objectives. The objectives of the Projects (as further described in Annex I) (each, a “**Project Objective**”) are:

- (a) to increase investment in land and rural productivity through improved land tenure security and land management;
- (b) to expand the productive use of land in order to increase the volume and value of agricultural production in Project zones;
- (c) to enhance access to markets through investments in the road network; and
- (d) to increase primary school completion rates for girls.

ARTICLE 2.

FUNDING AND RESOURCES

Section 2.1 Program Funding. MCC hereby grants to the Government, under the terms of this Compact, an amount not to exceed Four Hundred Sixty-Four Million Eight Hundred Forty-Two Thousand Five Hundred and Four United States Dollars (US\$464,842,504) (“**Program Funding**”) for use by the Government to implement the Program. The allocation of Program Funding uses is generally described in Annex II to this Compact.

Section 2.2 Compact Implementation Funding.

(a) MCC hereby grants to the Government, under the terms of this Compact, in addition to the Program Funding described in Section 2.1, an amount not to exceed Sixteen Million One Hundred One Thousand and Sixty-Five United States Dollars (US\$16,101,065) (“**Compact Implementation Funding**” or “**CIF**”) under Section 609(g) of the Millennium Challenge Act of 2003, as amended (the “**MCA Act**”), for use by the Government for the following purposes:

- (i) feasibility and design studies, strategic environmental (and social) assessments, environmental impact assessments, environmental assessments, environmental management plans and resettlement action plans for projects and activities included in the Program;
- (ii) financial management and procurement activities;
- (iii) monitoring and evaluation activities;
- (iv) administration activities, including salaries, benefits, and administrative support expenses such as rent, information technology, and other capital expenditures; and
- (v) other Compact implementation activities approved by MCC.

The allocation of Compact Implementation Funding uses is generally described in Annex II to this Compact.

(b) Notwithstanding the provisions of Section 7.3 of this Compact, this Section 2.2, together with any other provisions of this Compact applicable to Compact Implementation Funding, shall be effective as of the date this Compact is signed by MCC and the Government.

(c) Each Disbursement of Compact Implementation Funding shall be subject to satisfaction of the conditions to such Disbursement as set forth in Annex IV.

(d) If MCC determines that the full amount of Compact Implementation Funding under Section 2.2(a) of this Compact exceeds the amount which reasonably can be utilized for the purposes and uses set forth in Section 2.2(a) of this Compact within one year after this Compact enters into force, MCC, by written notice to the Government, may withdraw the excess amount, thereby reducing the amount of the Compact Implementation Funding as set forth in Section 2.2(a) (such excess, the “**Excess CIF Amount**”). In such event, the amount of Compact Implementation Funding granted to the Government under Section 2.2(a) will be reduced by the Excess CIF Amount, and MCC will have no further obligations with respect to such Excess CIF Amount.

(e) MCC, at MCC’s option by written notice to the Government, may elect to grant to the Government an amount equal to all or a portion of such Excess CIF Amount as an increase in the Program Funding, and such additional Program Funding will be subject to the terms and conditions of this Compact applicable to Program Funding.

Section 2.3 MCC Funding. Program Funding and Compact Implementation Funding are collectively referred to in this Compact as “**MCC Funding**.”

Section 2.4 Disbursement. In accordance with this Compact and the Program Implementation Agreement, MCC will disburse MCC Funding for expenditures incurred in furtherance of the Program (each instance, a “**Disbursement**”). Subject to the satisfaction of all applicable conditions, the proceeds of such Disbursements will be made available to the Government, at MCC’s sole election, by (a) deposit to one or more bank accounts established by the Government and acceptable to MCC (each, a “**Permitted Account**”), or (b) direct payment to the relevant provider of goods, works or services in connection with the implementation of the Program. MCC Funding may be expended only to cover Program expenditures as provided in this Compact and the Program Implementation Agreement.

Section 2.5 Interest. The Government will pay to MCC any interest or other earnings that accrue on MCC Funding in accordance with the Program Implementation Agreement (whether by directing such payments to a bank account outside Burkina Faso that MCC may from time to time indicate or as otherwise directed by MCC).

Section 2.6 Government Resources; Budget.

(a) The Government will provide all funds and other resources, and will take all actions, that are necessary to carry out the Government’s responsibilities and obligations under this Compact.

(b) The Government will use its best efforts to ensure that all MCC Funding it receives or is projected to receive in each of its fiscal years is fully accounted for in its annual budget on a multi-year basis.

(c) The Government will not reduce the normal and expected resources that it would otherwise receive or budget from sources other than MCC for the activities contemplated under this Compact and the Program.

(d) Unless the Government discloses otherwise to MCC in writing, MCC Funding will be in addition to the resources that the Government would otherwise receive or budget for the activities contemplated under this Compact and the Program.

Section 2.7 Limitations on the Use of MCC Funding. The Government will ensure that MCC Funding will not be used for any purpose that would violate United States law or policy, as specified in this Compact or as further notified to the Government in writing or by posting from time to time on the MCC website at www.mcc.gov (the “**MCC Website**”), including but not limited to the following purposes:

(a) for assistance to, or training of, the military, police, militia, national guard or other quasi-military organization or unit;

(b) for any activity that is likely to cause a substantial loss of United States jobs or a substantial displacement of United States production;

(c) to undertake, fund or otherwise support any activity that is likely to cause a significant environmental, health, or safety hazard, as further described in MCC’s Environmental Guidelines posted from time to time on the MCC Website (the “**MCC Environmental Guidelines**”); or

(d) to pay for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortions, to pay for the performance of involuntary sterilizations as a method of family planning or to coerce or provide any financial incentive to any person to undergo sterilizations or to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning.

Section 2.8 Taxes.

(a) Unless the Parties otherwise specifically agree in writing, and subject to the provisions of Sections 2.8(b)(ii) and (iii) and 2.8(c), the Government will ensure that each of the following is free from the payment of any existing or future taxes, duties, levies, contributions or other similar charges (“***Taxes***”) of or in Burkina Faso (including any such Taxes imposed by a national, regional, local or other governmental or taxing authority of or in Burkina Faso): (i) the Program; (ii) MCC Funding; (iii) interest or earnings on MCC Funding; (iv) any Project or activity implemented under the Program; (v) the Accountable Entity (as defined below); (vi) goods, works, services, technology and other assets and activities under the Program or any Project; (vii) persons and entities that provide such goods, works, services, technology and assets or perform such activities; and (viii) income, profits and payments with respect thereto. The Parties acknowledge and agree that the foregoing includes, *inter alia*, value added and other transfer taxes, profit and income taxes, property and *ad valorem* taxes, import and export duties and taxes (including for goods imported and re-exported for personal use), withholding taxes, payroll taxes, and social security and social insurance contributions.

(b) The Government and MCC may, at MCC’s discretion, enter into one or more agreements setting forth the mechanisms for implementing this Section 2.8, including, but not limited to (i) waivers of certain filing and compliance requirements relating to Taxes; (ii) an agreement on exceptions to Section 2.8(a) above for fees or charges for services that are generally applicable in Burkina Faso, reasonable in amount and imposed on a non-discriminatory basis; and (iii) one or more mechanisms to implement the provisions of Section 2.8(a) with respect to all or any of the Taxes that would otherwise be applicable, which may include exemptions from payment of such Taxes that have been granted in accordance with applicable law, refund or reimbursement of such Taxes by the Government to MCC or to the taxpayer, or payment by the Government to the Accountable Entity or MCC, for the benefit of the Program, an agreed amount in respect of any Taxes collected on the items described in Section 2.8(a).

(c) Unless otherwise specified in an agreement entered into pursuant to Section 2.8(b), the provisions of Section 2.8(a) shall not apply to income Taxes on and contributions with respect to individuals who are nationals of Burkina Faso; *provided*, that such Taxes and contributions are not discriminatory and are generally applicable to all nationals in Burkina Faso; and *provided, further*, that in any event Section 2.8(a) shall apply to Millennium Challenge Account - Burkina Faso, an independent entity established under the office of the Prime Minister by Decree No. 2008-185/PRES/PM dated April 18, 2008 (“***MCA-Burkina Faso***”), or any other entity established by the Government solely for purposes of managing or overseeing implementation of the Program (MCA-Burkina Faso and any such other entity, each, an “***Accountable Entity***”).

(d) If a Tax has been paid contrary to the requirements of this Section 2.8 or any agreement entered into pursuant to this Section 2.8, the Government will refund promptly to

MCC (or to another party as designated by MCC) the amount of such Tax in United States Dollars (“*US\$*”) or CFA Francs (as elected by MCC) within thirty (30) days (or such other period as may be agreed in writing by the Parties) after the Government is notified in writing (whether by MCC or otherwise) that such Tax has been paid.

(e) No MCC Funding, proceeds thereof or Program assets may be applied by the Government in satisfaction of its obligations under this Section 2.8.

ARTICLE 3.

IMPLEMENTATION

Section 3.1 Program Implementation Agreement. The Government will implement the Program in accordance with this Compact and as further specified in an agreement to be entered into by MCC, the Government and the Accountable Entity and relating to, among other matters, implementation arrangements, fiscal accountability and disbursement and use of MCC Funding (the “*Program Implementation Agreement*” or “*PIA*”).

Section 3.2 Government Responsibilities.

(a) The Government has principal responsibility for overseeing and managing the implementation of the Program.

(b) With the prior written consent of MCC, the Government may designate an entity to implement some or all of the Government’s obligations or to exercise any rights of the Government under this Compact or the Program Implementation Agreement. Such a designation will not relieve the Government of any designated obligations and rights, for which the Government will retain full responsibility.

(c) The Government will ensure that no law or regulation in Burkina Faso now or hereinafter in effect makes or will make unlawful or otherwise prevent or hinder the performance of any of the Government’s obligations under this Compact, the Program Implementation Agreement or any other related agreement or any transaction contemplated hereby or thereby.

(d) The Government will ensure that any assets or services funded in whole or in part (directly or indirectly) by MCC Funding will be used solely in furtherance of this Compact and the Program unless otherwise agreed by MCC in writing.

(e) The Government will take all necessary or appropriate steps to achieve the Compact Goal and the Project Objectives during the Compact Term (as defined in Section 7.4).

Section 3.3 Policy Performance. In addition to undertaking the specific policy, legal and regulatory reform commitments identified in Annex I (if any), the Government will seek to maintain and to improve its level of performance under the policy criteria identified in Section 607 of the MCA Act, and the selection criteria and methodology used by MCC.

Section 3.4 Government Assurances. The Government assures MCC that:

(a) as of the date this Compact is signed by the Government, the information provided to MCC by or on behalf of the Government in the course of reaching agreement with MCC on this Compact is true, correct and complete in all material respects;

(b) this Compact does not, and will not, conflict with any other international agreement or obligation of the Government or any of the laws of Burkina Faso; and

(c) the Government will not invoke any of the provisions of its internal law to justify or excuse a failure to perform its duties or responsibilities under this Compact.

Section 3.5 Implementation Letters. From time to time, MCC may provide guidance to the Government in writing on any matters relating to this Compact, MCC Funding, or implementation of the Program (each, an “**Implementation Letter**”). The Government will apply such guidance in implementing the Program.

Section 3.6 Procurement. The Government will ensure that the procurement of all goods, works and services by the Government or any Provider (as defined in Section 3.7(c)) to implement the Program will be consistent with the program procurement guidelines posted from time to time on the MCC Website (the “**MCC Program Procurement Guidelines**”). The MCC Program Procurement Guidelines will include, among others, the following requirements:

(a) open, fair, and competitive procedures must be used in a transparent manner to solicit, award and administer contracts and to procure goods, works and services;

(b) solicitations for goods, works and services must be based upon a clear and accurate description of the goods, works and services to be acquired;

(c) contracts must be awarded only to qualified contractors that have the capability and willingness to perform the contracts in accordance with their terms on a cost effective and timely basis; and

(d) no more than a commercially reasonable price, as determined, for example, by a comparison of price quotations and market prices, will be paid to procure goods, works and services.

Section 3.7 Records; Accounting; Covered Providers; Access.

(a) Government Books and Records. The Government will maintain, and will use its best efforts to ensure that all Covered Providers (as defined in Section 3.7(c)) maintain, accounting books, records, documents and other evidence relating to the Program adequate to show to MCC’s satisfaction the use of all MCC Funding (“**Compact Records**”). In addition, the Government will furnish or cause to be furnished to MCC, upon its request, all such Compact Records.

(b) Accounting. The Government will maintain, and will use its best efforts to ensure that all Covered Providers maintain, Compact Records in accordance with generally accepted accounting principles prevailing in the United States, or at the Government’s option and with MCC’s prior written approval, other accounting principles, such as those (i) prescribed by the

International Accounting Standards Board, or (ii) then prevailing in Burkina Faso. Compact Records must be maintained for at least five (5) years after the end of the Compact Term or for such longer period, if any, required to resolve any litigation, claims or audit findings or any statutory requirements.

(c) Providers and Covered Providers. Unless the Parties agree otherwise in writing, a “**Provider**” is (i) any entity of the Government that receives or uses MCC Funding or any other Program asset in carrying out activities in furtherance of this Compact, or (ii) any third party that receives at least US\$50,000 in the aggregate of MCC Funding (other than as salary or compensation as an employee of an entity of the Government) during the Compact Term. A “**Covered Provider**” is (i) a non-United States Provider that receives (other than pursuant to a direct contract or agreement with MCC) US\$300,000 or more of MCC Funding in any Government fiscal year or any other non-United States person or entity that receives, directly or indirectly, US\$300,000 or more of MCC Funding from any Provider in such fiscal year, or (ii) any United States Provider that receives (other than pursuant to a direct contract or agreement with MCC) US\$500,000 or more of MCC Funding in any Government fiscal year or any other United States person or entity that receives, directly or indirectly, US\$500,000 or more of MCC Funding from any Provider in such fiscal year.

(d) Access. Upon MCC’s request, the Government, at all reasonable times, will permit, or cause to be permitted, authorized representatives of MCC, an authorized United States inspector general, the United States Government Accountability Office, any auditor responsible for an audit contemplated herein or otherwise conducted in furtherance of this Compact, and any agents or representatives engaged by MCC or the Government to conduct any assessment, review or evaluation of the Program, the opportunity to audit, review, evaluate or inspect facilities and activities funded in whole or in part by MCC Funding.

Section 3.8 Audits; Reviews.

(a) Government Audits. Except as the Parties may otherwise agree in writing, the Government will, on at least a semi-annual basis, conduct, or cause to be conducted, financial audits of all disbursements of MCC Funding covering the period from signing of this Compact until the earlier of the following December 31 or June 30 and covering each six-month period thereafter ending December 31 and June 30, through the end of the Compact Term, in accordance with the terms of the Program Implementation Agreement. In addition, upon MCC’s request, the Government will ensure that such audits are conducted by an independent auditor approved by MCC and named on the list of local auditors approved by the Inspector General of MCC (the “**Inspector General**”) or a United States-based certified public accounting firm selected in accordance with the Guidelines for Financial Audits Contracted by MCA (the “**Audit Guidelines**”) issued and revised from time to time by the Inspector General, which are posted on the MCC Website. Audits will be performed in accordance with the Audit Guidelines and be subject to quality assurance oversight by the Inspector General. Each audit must be completed and the audit report delivered to MCC no later than 90 days after the first period to be audited and no later than 90 days after each June 30 and December 31 thereafter, or such other period as the Parties may otherwise agree in writing.

(b) Audits of United States Entities. The Government will ensure that agreements between the Government or any Provider, on the one hand, and a United States nonprofit organization, on the other hand, that are financed with MCC Funding state that the United States

nonprofit organization is subject to the applicable audit requirements contained in OMB Circular A-133 issued by the United States Government Office of Management and Budget (“**OMB**”). The Government will ensure that agreements between the Government or any Provider, on the one hand, and a United States for-profit Covered Provider, on the other hand, that are financed with MCC Funding state that the United States for-profit organization is subject to audit by the applicable United States Government agency, unless the Government and MCC agree otherwise in writing.

(c) Corrective Actions. The Government will use its best efforts to ensure that Covered Providers take, where necessary, appropriate and timely corrective actions in response to audits, consider whether a Covered Provider’s audit necessitates adjustment of the Government’s records, and require each such Covered Provider to permit independent auditors to have access to its records and financial statements as necessary.

(d) Audit by MCC. MCC will have the right to arrange for audits of the Government’s use of MCC Funding.

(e) Cost of Audits, Reviews or Evaluations. MCC Funding may be used to fund the costs of any audits, reviews or evaluations required under this Compact.

ARTICLE 4.

COMMUNICATIONS

Section 4.1 Communications. Any document or communication required or submitted by either Party to the other under this Compact must be in writing and, except as otherwise agreed with MCC, in English. For this purpose, the address of each Party is set forth below.

To MCC:

Millennium Challenge Corporation

Attention: (a) before this Compact enters into force, Vice President, Compact Development; and (b) after this Compact enters into force, Vice President, Compact Implementation
(in each case, with a copy to the Vice President and General Counsel)

875 Fifteenth Street, N.W.

Washington, DC 20005

United States of America

Facsimile: (202) 521-3700

Telephone: (202) 521-3600

Email: VPDevelopment@mcc.gov (Vice President, Compact Development)
VPImplementation@mcc.gov (Vice President, Compact Implementation)
VPGeneralCounsel@mcc.gov (Vice President and General Counsel)

To the Government:

Ministère de l'Economie et des Finances
Attention: Minister of Economy and Finance
Ministre de l'Economie et des Finances
Avenue du Général Bila Jean Gérard ZAGRE
01 BP : 7012 Ouagadougou 01
Burkina Faso
Facsimile: +226 50 31 27 15
Telephone: +226 50 32 42 11

Section 4.2 Representatives. For all purposes of this Compact, the Government will be represented by the individual holding the position of, or acting as, the Minister of Economy and Finance, and MCC will be represented by (a) before this Compact enters into force, the individual holding the position of, or acting as, Vice President, Compact Development, and (b) after this Compact enters into force, the individual holding the position of, or acting as, Vice President, Compact Implementation (each of the foregoing, a "*Principal Representative*"). Each Party, by written notice to the other Party, may designate one or more additional representatives for all purposes other than signing amendments to this Compact. A Party may change its Principal Representative to a new representative that holds a position of equal or higher rank upon written notice to the other Party.

Section 4.3 Signatures. With respect to all documents other than this Compact or an amendment to this Compact, a signature delivered by facsimile or electronic mail will be binding on the Party delivering such signature to the same extent as an original signature would be.

ARTICLE 5.

TERMINATION; SUSPENSION; REFUNDS

Section 5.1 Termination; Suspension.

(a) Either Party may terminate this Compact in its entirety by giving the other Party thirty (30) days' written notice.

(b) MCC may, immediately, upon written notice to the Government, suspend or terminate this Compact or MCC Funding, in whole or in part, and any obligation related thereto, if MCC determines that any circumstance identified by MCC as a basis for suspension or termination (whether in writing to the Government or by posting on the MCC Website) has occurred, which circumstances include but are not limited to the following:

(i) the Government fails to comply with its obligations under this Compact, the Program Implementation Agreement or any other agreement or arrangement entered into by the Government in connection with this Compact or the Program;

(ii) an event or series of events has occurred that MCC determines makes it probable that any of the Project Objectives will not be achieved during the Compact Term or that the Government will not be able to perform its obligations under this Compact;

(iii) a use of MCC Funding or continued implementation of the Program violates or would violate applicable law or United States Government policy, whether now or hereafter in effect;

(iv) the Government or any other person or entity receiving MCC Funding or using assets acquired in whole or in part with MCC Funding is engaged in activities that are contrary to the national security interests of the United States;

(v) an act has been committed or an omission or an event has occurred that would render Burkina Faso ineligible to receive United States economic assistance under Part I of the Foreign Assistance Act of 1961, as amended (22 U.S.C. 2151 *et seq.*), by reason of the application of any provision of the Foreign Assistance Act of 1961 or any other provision of law;

(vi) the Government has engaged in a pattern of actions inconsistent with the criteria used to determine the eligibility of Burkina Faso for assistance under the MCA Act; and

(vii) the Government or another person or entity receiving MCC Funding or using assets acquired in whole or in part with MCC Funding is found to have been convicted of a narcotics offense or to have been engaged in drug trafficking.

(c) All Disbursements will cease upon expiration, suspension, or termination of this Compact; *provided, however*, MCC Funding may be used, in compliance with this Compact and the Program Implementation Agreement, to pay for (i) reasonable expenditures for goods, works or services that are properly incurred under or in furtherance of the Program before expiration, suspension or termination of this Compact, and (ii) reasonable expenditures (including administrative expenses) properly incurred in connection with the winding up of the Program within 120 days after the expiration, suspension or termination of this Compact, so long as the request for such expenditures is submitted within ninety (90) days after such expiration, suspension or termination.

(d) Subject to Section 5.1(c), upon the expiration, suspension or termination of this Compact, (i) any amounts of MCC Funding not disbursed by MCC to the Government will be automatically released from any obligation in connection with this Compact, and (ii) any amounts of MCC Funding disbursed by MCC but not expended under Section 2.4 before the expiration, suspension or termination of this Compact, plus accrued interest thereon will be returned to MCC within thirty (30) days after the Government receives MCC's request for such return; *provided, however*, that if this Compact is suspended or terminated in part, MCC may request a refund for only the amount of MCC Funding allocated to the suspended or terminated portion.

(e) MCC may reinstate any suspended or terminated MCC Funding under this Compact if MCC determines that the Government or other relevant person or entity has committed to correct each condition for which MCC Funding was suspended or terminated.

Section 5.2 Refunds; Violation.

(a) If any MCC Funding, any interest or earnings thereon, or any asset acquired in whole or in part with MCC Funding is used for any purpose in violation of the terms of this Compact, then MCC may require the Government to repay to MCC in United States Dollars the

value of the misused MCC Funding, interest, earnings, or asset, plus interest within thirty (30) days after the Government's receipt of MCC's request for repayment. The Government will not use MCC Funding, proceeds thereof or Program assets to make such payment.

(b) Notwithstanding any other provision in this Compact or any other agreement to the contrary, MCC's right under this Section 5.2 for a refund will continue during the Compact Term and for a period of (i) five years thereafter, or (ii) one year after MCC receives actual knowledge of such violation, whichever is later.

Section 5.3 Survival. The Government's responsibilities under Sections 2.5, 2.6, 2.7, 2.8, 3.7, 3.8, 5.1(c), 5.1(d), 5.2, 5.3 and 6.4 of this Compact will survive the expiration, suspension or termination of this Compact.

ARTICLE 6.

COMPACT ANNEXES; AMENDMENTS; GOVERNING LAW

Section 6.1 Annexes. Each annex to this Compact constitutes an integral part hereof, and references to "Annex" mean an annex to this Compact unless otherwise expressly stated.

Section 6.2 Amendments.

(a) The Parties may amend this Compact only by a written agreement signed by the Principal Representatives.

(b) Without formally amending the Compact, the Parties may agree in writing, signed by the Principal Representatives, to modify any Annex to this Compact to, among others (i) suspend, modify or terminate any project described in Annex I (each, a "**Project**" and collectively, the "**Projects**") or to create a new project; (ii) change the designations and allocations of funds among the Projects, the Project activities, or any activity under Program administration or monitoring and evaluation, or between a Project identified as of the entry into force of this Compact and a new project; or (iii) add or delete any condition precedent described in Annex IV, *provided that* any such modification (A) is consistent in all material respects with the Compact Goal and the Project Objectives, (B) does not cause the amount of Program Funding to exceed the aggregate amount specified in Section 2.1 of this Compact (as may be modified by operation of Section 2.2(e) of this Compact), (C) does not cause the amount of Compact Implementation Funding to exceed the aggregate amount specified in Section 2.2(a) of this Compact, (D) does not cause the Government's responsibilities or contribution of resources to be less than specified in this Compact, (E) does not extend the Compact Term, and (F) in the case of a modification to change the designations or allocations of funds among Projects, does not materially adversely affect any activity under Program administration or monitoring and evaluation.

Section 6.3 Inconsistencies. In the event of any conflict or inconsistency between:

(a) any Annex to this Compact and any of Articles 1 through 7, such Articles 1 through 7 will prevail; or

(b) this Compact and any other agreement between the Parties regarding the Program, this Compact will prevail.

Section 6.4 Governing Law. This Compact is an international agreement and as such is governed by the principles of international law.

Section 6.5 Additional Instruments. Any reference to activities, obligations or rights undertaken or existing under or in furtherance of this Compact or similar language will include activities, obligations and rights undertaken by, existing under or in furtherance of any agreement, document or instrument related to this Compact and the Program.

Section 6.6 References to MCC Website. Any reference in this Compact, the Program Implementation Agreement or any other agreement entered into in connection with this Compact, to a document or information available on, or notified by posting on the MCC Website will be deemed a reference to such document or information as updated or substituted on the MCC Website from time to time.

Section 6.7 References to Laws, Regulations, Policies and Guidelines. Each reference in this Compact, the Program Implementation Agreement or any other agreement entered into in connection with this Compact, to a law, regulation, policy, guideline or similar document will be construed as a reference to such law, regulation, policy, guideline or similar document as it may, from time to time, be amended, revised, replaced, or extended and will include any law, regulation, policy, guideline or similar document issued under or otherwise applicable or related to such law, regulation, policy, guideline or similar document.

Section 6.8 MCC Status. MCC is a United States Government corporation acting on behalf of the United States Government in the implementation of this Compact. MCC and the United States Government have no liability under this Compact, are immune from any action or proceeding arising under or relating to this Compact, and the Government hereby waives and releases all claims related to any such liability. In matters arising under or relating to this Compact, neither MCC nor the United States Government will be subject to the jurisdiction of the courts or any other body of Burkina Faso.

ARTICLE 7.

ENTRY INTO FORCE

Section 7.1 Domestic Requirements. The Government shall take all steps necessary to ensure that (a) this Compact and the Program Implementation Agreement and all of the provisions of this Compact and the Program Implementation Agreement are valid and binding and are in full force and effect in Burkina Faso; (b) this Compact, the Program Implementation Agreement and any other agreement entered into in connection with this Compact to which the Government and MCC are parties will be given the status of an international agreement if so stipulated therein; and (c) no laws of Burkina Faso (other than the constitution of Burkina Faso), whether now or hereafter in effect, will take precedence or prevail over the terms of this Compact or the Program Implementation Agreement.

Section 7.2 Conditions Precedent to Entry into Force. Before this Compact enters into force:

(a) the Program Implementation Agreement must have been executed by the Government and MCC and have become effective;

(b) the Government must have delivered to MCC:

(i) a certificate signed and dated by the Principal Representative of the Government, or such other duly authorized representative of the Government acceptable to MCC, certifying that the Government has satisfied the requirements of Section 7.1;

(ii) a legal opinion from the Minister of Justice of Burkina Faso (or such other legal representative of the Government acceptable to MCC), in form and substance satisfactory to MCC; and

(iii) complete, certified copies of all decrees, legislation, regulations or other governmental documents relating to the Government's domestic requirements for this Compact to enter into force and the satisfaction of Section 7.1, which MCC may post on its website or otherwise make publicly available; and

(c) MCC must determine that after signature of this Compact, the Government has not engaged in any action or omission that is inconsistent with the eligibility criteria for MCC Funding.

Section 7.3 Date of Entry into Force. This Compact will enter into force on the later of (a) the date of the last letter in an exchange of letters between the Principal Representatives confirming that each Party has completed its domestic requirements for entry into force of this Compact and (b) the date that all conditions set forth in Section 7.2 have been satisfied.

Section 7.4 Compact Term. This Compact will remain in force for five years after its entry into force, unless terminated earlier under Section 5.1 (the "***Compact Term***").

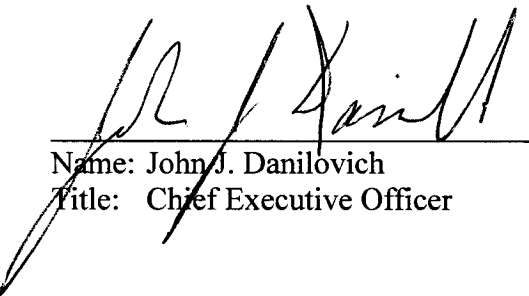
Section 7.5 Provisional Application. Upon signature of this Compact and until it has entered into force in accordance with Section 7.3, the Parties will provisionally apply the terms of this Compact; *provided*, that no MCC Funding, other than Compact Implementation Funding, will be made available or disbursed before this Compact enters into force.

SIGNATURE PAGE BEGINS ON THE NEXT PAGE

IN WITNESS WHEREOF, the undersigned, duly authorized by their respective governments, have signed this Compact this 14th day of July, 2008.

Done at Washington, D.C.

FOR MILLENNIUM CHALLENGE
CORPORATION, ON BEHALF OF THE
UNITED STATES OF AMERICA



Name: John J. Danilovich
Title: Chief Executive Officer

FOR THE GOVERNMENT OF
BURKINA FASO



Name: Jean Baptiste Marie Compaoré
Title: Ministre de l'Economie et des Finances



ANNEX I

PROGRAM DESCRIPTION

A. PROGRAM OVERVIEW

This Annex I describes the Program that MCC Funding will support in Burkina Faso during the Compact Term.

1. Background and Consultative Process.

Burkina Faso is a landlocked country in Africa's Sahel region, bordering Benin, Cote d'Ivoire, Ghana, Mali, Niger, and Togo and with a population of approximately 15.26 million people. Burkina Faso is predominantly a rural country, with 95 percent of the poor residing in rural areas. It also is one of the poorest countries in the world, ranking 176 out of 177 countries surveyed by the United Nations Development Program's 2007 Human Development Index. In an effort to address constraints to investment, Burkina Faso has undertaken several broad macroeconomic reforms since the mid-1990s, including market-oriented reforms, decentralization of power from the central government to local governments, adoption of a new labor code and business climate improvements. Despite these reforms and moderate economic growth, Burkina Faso continues to face severe constraints to reducing poverty.

In connection with the proposal submitted to MCC, the Government conducted a robust consultative process in May and June of 2006, building on the success and lessons learned from the process used to prepare its Poverty Reduction Strategy Paper. The Government also engaged the media to inform the public about the proposal for Millennium Challenge Account assistance with a series of press releases, television interviews and press conferences. Consultations took place in all thirteen regions of the country and included representatives of civil society, the private sector, traditional authorities, farmers' and women's groups and local government officials. Of the 3,115 participants, 87 percent came from civil society, and 18 percent were women. Overwhelmingly, input focused on improving the rural economy including ways to secure land tenure, intensify and modernize agricultural production, and improve the road network. The Program is designed specifically to address these constraints.

2. Program Description.

The Compact Goal is to reduce poverty through economic growth in Burkina Faso. The Program consists of the following Projects: the Rural Land Governance Project described in Part B of this Annex I (the "***Rural Land Governance Project***"), the Agriculture Development Project described in Part C of this Annex I (the "***Agriculture Development Project***"), the Roads Project described in Part D of this Annex I (the "***Roads Project***") and the BRIGHT 2 Schools Project described in Part E of this Annex I (the "***BRIGHT 2 Schools Project***"). Each activity to be funded by MCC as part of a Project is referred to herein, individually, as a "***Project Activity***," or collectively, as the "***Project Activities***".

3. Environmental and Social Accountability.

All of the Projects will be implemented in compliance with the MCC Environmental Guidelines, MCC's Guidance on the Integration of Gender in Program Implementation delivered by MCC to the Government or posted on the MCC Website (the "***MCC Gender Policy***") and the World

Bank's Operational Policy on Involuntary Resettlement in effect as of July 2007 ("**OP 4.12**"). The Government also will ensure that the Projects comply with all national environmental laws and regulations, licenses and permits, except to the extent such compliance would be inconsistent with this Compact. The Government will: (a) undertake and complete any environmental impact assessments ("**EIA**"), environmental assessments ("**EA**"), environmental management plans ("**EMP**"), resettlement action plans ("**RAP**") and any other such assessments or plans, in form and substance satisfactory to MCC, and as required under the laws of Burkina Faso, the MCC Environmental Guidelines, this Compact, the Program Implementation Agreement, other supplemental agreements or as otherwise required by MCC; (b) implement to MCC's satisfaction environmental and social mitigation measures identified in such assessments or plans; and (c) commit to fund, or ensure the funding of, any environmental mitigation (including costs of resettlement) in excess of MCC Funding not specifically provided for in the budget for any Project.

B. RURAL LAND GOVERNANCE PROJECT

1. Background.

Inclusion of the Rural Land Governance Project in the Program reflects an understanding of the importance of sound property rights to economic growth and to social stability in Burkina Faso. The Project Objective of the Rural Land Governance Project is to increase investment in land and rural productivity through improved land tenure security and land management. Expected results include greater security of land rights and improved access to more efficient land institutions, which together contribute to economic growth and poverty reduction in rural areas.

The Government has demonstrated a commitment to adopting improved laws, regulations and administrative processes to meet its ambitious rural land tenure vision. The Rural Land Governance Project seeks to assist the Government in fulfilling this commitment. A new rural land law is expected to be adopted prior to Entry into Force of the Compact, and will be based on the existing, stakeholder-driven 2007 Rural Land Policy (the "**Rural Land Policy**"). The Rural Land Governance Project also will support the Government's implementation of the 2004 Decentralization Law (*Loi de 2004 portant Code Général des Collectivités Territoriales*, or the "**Decentralization Law**"), which authorizes transfer of key aspects of land governance to municipal governments.

2. Summary of Project and Activities.

The Rural Land Governance Project consists of the following mutually reinforcing Project Activities:

(a) Legal and Procedural Change and Communication.

This Project Activity will support the Government's effort to develop and implement improved rural land legislation and to develop, revise and implement other legal and procedural frameworks. Specifically, MCC Funding will support:

(i) the Government's finalization of the rural land law's implementing regulations and revisions of relevant elements of the Agrarian and Land Reorganization (*Réorganisation Agraire et Foncière* or "**RAF**") legislation, together with other legal reform

support, including technical advisory services related to the rural land tenure law and support for participatory stakeholder processes and validation; and

(ii) finalization of communications and outreach tools to ensure national awareness and practical applicability of the Government's policy and legal reforms, including, but not limited to, the implementation of a stakeholder communications strategy and the development of manuals for local-level application of new legal provisions and tools.

(b) Institutional Development and Capacity Building.

This Project Activity, in conjunction with the Legal and Procedural Change and Communication Project Activity, will improve institutional capacity to deliver land services in rural areas. Specifically, MCC Funding will support:

(i) improved land registration and mapping services, including institutional modernization analyses, training and capacity building, the purchase of equipment, imagery products, and surveying technology;

(ii) decentralization of land tenure services, including training and support for new local land services personnel and the construction and basic equipping of up to 47 municipal buildings to provide offices for the decentralized municipal land services while also serving as offices for other key local government functions; and

(iii) capacity building to mediate land conflicts, including (A) capacity building within the justice sector through training for judges and associated personnel and practicing lawyers; (B) new law school curriculum modules focusing on land law and land conflict; (C) training of municipal officials, local village councils and local land services personnel on land conflict mediation; and (D) support for mobile land conflict tribunals.

MCC Funding also will support implementation of environmental and social mitigation measures as identified in the Environmental and Social Management Framework, or as otherwise may be appropriate, consistent with MCC Environmental Guidelines and OP 4.12.

(c) Site-Specific Land Tenure Interventions.

This Project Activity will ensure that both the Legal and Procedural Change and Communication Project Activity and the Institutional Development and Capacity Building Project Activity yield their intended benefits across municipalities and in targeted agricultural development zones. The Site-Specific Land Tenure Interventions Project Activity employs a cluster approach to project design, based around 15 clusters, each containing up to three to four municipalities. Specifically, MCC Funding will support:

(i) participatory land use management planning in up to 47 rural municipalities, including training, mapping, operational costs, and necessary assistance by regional and provincial institutions; and

(ii) clarifying and securing rights in developed zones, including in up to eight existing agricultural schemes subject to the phasing approach, in the new MCC-funded irrigation scheme, and associated with approximately 14,500 parcels in Ganzourgou province.

MCC Funding also will support implementation of environmental and social mitigation measures as identified in the Environmental and Social Management Framework, or as otherwise may be appropriate, consistent with MCC Environmental Guidelines and OP 4.12.

Certain of the activities enumerated in Sections 2(b)(i), (b)(ii), (c)(i) and (c)(ii) above will be subject to a phased approach. Unless MCC otherwise agrees, phase one includes years one and two of the Compact Term. Phase one will target 17 municipalities with a complete package of technical assistance and infrastructure construction, and also will include a set of up-front investments that are not municipality-specific. Phase two will include the balance of the Compact Term, and will target up to 30 additional municipalities for technical assistance and infrastructure as well as expand investment associated with the other sub-activities. MCC's decision to initiate phase two investments is subject to satisfaction of: (A) the achievement of an economic rate of return target; (B) achievement of legal and policy change targets, including (1) passage of the rural land law, (2) passage of the implementing regulations for the rural land law, (3) passage of relevant revisions as may be necessary or appropriate to the RAF legislation and (4) revision of the regulations or bylaws for managed agricultural zones (*Cahier de Charges Général*); (C) satisfactory progress on applicable performance indicators specified in the M&E Plan; and (D) sufficient progress toward milestones set in the Implementation Plan. In the event that MCC determines, in its sole discretion, that phase one fails to achieve the performance criteria outlined above, the MCC Funding associated with phase two may be reallocated to other Project Activities, consistent with Section 6.2(b) of the Compact.

3. Beneficiaries.

The Rural Land Governance Project is expected to affect households and businesses nationally, primarily through the Legal and Procedural Change and Communication Project Activity, creating a better investment climate for existing and prospective rural producers.

The Institutional Development and Capacity Building Project Activity and the Site-Specific Land Tenure Interventions Project Activity additionally will benefit rural producers located in the targeted sites. These direct beneficiaries include producers in up to 47 of the country's 302 rural municipalities and in the targeted agricultural development zones. Targeted sites will be organized in 15 clusters of contiguous municipalities with the expectation that outcomes and impacts achieved by the cluster municipalities eventually will extend to other neighboring municipalities that are not targeted in this project, particularly as the clusters are allocated across all 13 administrative regions of the country. Several of the municipalities will overlap with the Agricultural Development Project and others will be along road segments to be supported under the Roads Project. Improved land registration and mapping services at national, regional or provincial levels may also benefit other public or private users who are not located in target municipalities or managed scheme areas.

4. Sustainability.

The foundation of this Project is a reformed legal, policy and procedural framework for land tenure, which will ensure an enabling environment for sustainability of the MCC investment. All site-specific sub-activities will be based on new legal tools, assuring their support in law. Training will target the range of local stakeholders to assure buy-in. Most of the Project's site-specific interventions will be scalable through the phased approach, thus enabling the expected returns on an initial share of the investment to be tested before the Project is expanded. By

requiring that phase two be based on demonstrated performance, the Project design stands as an innovative approach to ensuring results and investment sustainability. All training and equipment investments, particularly those associated with strengthening regional and provincial registration and mapping services, will reflect analysis of appropriate and sustainable capacity building and technology choices.

The sustainability of the municipal buildings investment for each beneficiary municipal government in phase one and phase two will be supported by the requirement that municipal budgets contain sufficient resources for building operation and maintenance, consistent with Burkina Faso's current municipal government financing frameworks and procedures associated with the decentralization law. All participating municipal governments, or the Ministry of Economy and Finance on their behalf, will be required to submit for MCA-Burkina Faso and MCC approval a plan that details the operational arrangements for the finished building as a condition on the launch of the associated works procurements. These plans will include identification of the specific local services planned to operate out of each building as well as specific plans for building operations and maintenance.

5. Environmental and Social Mitigation Measures.

The implementation of environmental management and gender integration plans will ensure the sustainability of the Rural Land Governance Project by mitigating potential impacts and strengthening Project design. An environmental and social management framework ("*ESMF*") will be used to conduct the required environmental and social impact analysis of the municipal buildings. The ESMF will identify impacts as well as develop site-specific EMPs for each building site. RAPs will also be developed to adequately plan for and mitigate the resettlement impacts at building sites.

In addition, environmental and social safeguards consistent with applicable rules, regulations and best practices in Burkina Faso will be incorporated into all land use decision-making processes funded through the Site-Specific Land Tenure Interventions Project Activity. These safeguards will ensure the sustainable implementation of interventions in existing protected areas. Furthermore, the ESMF will develop a process to ensure community decision-making regarding restricting access to natural resources and establish measures to mitigate adverse impacts on livelihoods, such as the creation of a compensation fund to register and improve land to allow for successful realization of livelihood activities outside of protected areas. Finally, the implementation of the Rural Land Governance Project will be structured to ensure that women can benefit from the MCC-funded investments, through the integration of appropriate mechanisms into the new land law and into the overall implementation of the Project.

6. Donor Coordination.

The Rural Land Governance Project builds on land tenure, rural development and decentralization efforts supported by the World Bank, the French Development Agency (*Agence Française de Développement* or, "*AFD*"), the Danish International Development Agency ("*DANIDA*"), the German Agency for Technical Cooperation (*Deutsche Gesellschaft für Technische Zusammenarbeit GmbH*, or "*GTZ*"), the Austrian Development Corporation, the Luxembourg Agency for Development Cooperation, the International Fund for Agricultural Development ("*IFAD*"), the International Finance Corporation ("*IFC*"), the African Development Bank ("*AfDB*"), the United Nations Food and Agriculture Organization ("*FAO*"),

the Swedish International Development Agency (“**SIDA**”), and the United Nations Development Program (“**UNDP**”). MCC funding will co-finance, with the World Bank, support for stakeholder consultation, legal drafting, and passage of the new land law and application texts, as well as outreach and dissemination once the new law is passed.

7. United States Agency for International Development.

The United States Agency for International Development (“**USAID**”) currently does not focus specifically on the land tenure sector in Burkina Faso. However, the Government will work with USAID, as appropriate, to identify potential opportunities for coordination with respect to the Rural Land Governance Project.

C. AGRICULTURE DEVELOPMENT PROJECT

1. Background.

The Project Objective of the Agriculture Development Project is to expand the productive use of land in order to increase the volume and value of agricultural production in Project zones. In that regard, the Agriculture Development Project is designed to increase rural incomes and employment and to enhance the competitiveness of the rural economies in the Sourou Valley and the Comoé Basin by addressing core constraints typical of rural Burkina Faso: poor water resource availability and management; weak beneficiary capacity; lack of access to information, markets, and inputs; and lack of access to credit. Expected results include increased agricultural production and productivity in Project zones, increased total area of land under irrigation in Di, and increased availability of rural credit in the Project’s intervention zones.

2. Summary of Project and Activities.

The Agriculture Development Project consists of the following mutually reinforcing Project Activities:

(a) Water Management and Irrigation.

The Water Management and Irrigation Project Activity is designed to ensure adequate water availability, water delivery, flood control, and dam safety to support and protect investments in the Sourou Valley and Comoé Basin. Specifically, MCC Funding will support:

- (i) preparation and implementation of Integrated Water Resources Management (“**IWRM**”) plans for the Sourou Valley and Comoé Basin in conformity with Burkina Faso’s integrated water resources management action plan (*Plan d’Action de la Gestion Intégrée des Ressources en Eau du Burkina Faso*) (“**PAGIRE**”);
- (ii) rehabilitation of the Léry dam and associated infrastructure (the “**Léry Dam**”);
- (iii) development of the Di irrigation scheme in the Sourou Valley;
- (iv) development of EIAs, EMPs, and RAPs for the respective investments and implementation of mitigation measures as identified in these assessments, or as otherwise may be appropriate, to include compensation for physical and economic displacement of individuals,

residences and businesses affected by such rehabilitation and construction, consistent with OP 4.12; and

(v) provision of capacity building and technical assistance to establish the institutional framework and financial capacity for sustainable operation and maintenance of the water and irrigation infrastructure, including, but not limited to, capacity building and technical assistance to the *Autorité de Mise en Valeur de la Vallée du Sourou* (“**AMVS**”) consistent with the recommendations of the AMVS Management Audit (as defined in sub-section (b) below).

(b) Diversified Agriculture.

The Diversified Agriculture Project Activity will build on the delivery of water in the Project zones by supporting on-farm production and related activities throughout the agricultural value chain. Specifically, MCC Funding will support:

(i) extension services, demonstration farms and technical assistance services, assisting beneficiaries in irrigated and rain-fed areas;

(ii) business development services, including transaction brokering, technology transfer, and links to the Access to Rural Finance Activity;

(iii) expansion of market information systems and rehabilitation of district markets;

(iv) improvement of the quality and accessibility of private animal health services and increasing the capacity of public agencies to provide technical support and professional training to veterinary practitioners; and

(v) development of EIAs and EMPs for the respective investments and implementation of mitigation measures as identified in these assessments, or as otherwise may be appropriate.

A management audit of AMVS (the “**AMVS Management Audit**”) will be conducted prior to Entry into Force of the Compact to assess the efficacy and efficiency of AMVS, including, but not limited to, its strategic planning, organization, operating systems, resources, and personnel and management systems. Following discussion of the recommendations of the AMVS Management Audit with key stakeholders, an action plan agreed by the Parties (the “**AMVS Action Plan**”) will be implemented by AMVS.

(c) Access to Rural Finance.

This Project activity will increase medium- and long-term credit in the four western regions of Sud-Ouest, Hauts Bassins, Cascades, and Boucle du Mouhoun. Specifically, MCC Funding will support:

(i) an on-lending facility to provide medium- to long-term loans, particularly to farmers and small- and medium-sized, rural and agricultural enterprises;

(ii) improvement of the capacity of participating financial institutions to profitably and securely expand rural lending; and

(iii) increasing the ability of creditworthy enterprises in the region to access credit, including women-owned enterprises.

3. Beneficiaries.

The principal beneficiaries of the irrigation investments will be people with some farming experience with dry-land crops who receive irrigated land. Many beneficiaries are expected to be those people who are earning less than US\$2/day and selection criteria for land allocation are designed to serve this category of beneficiaries. The farmers on the existing irrigation perimeters who will benefit from the technical assistance activities more likely fall into a slightly higher income category. Beneficiaries of the livestock, Léry Dam, and market investments are more likely to be like the relatively poor dry land farmers. Beneficiaries of the investments in the Water Management and Irrigation Project Activity and the Access to Rural Finance Project Activity will be widely distributed in Sourou, Hauts Basins, Sud Ouest, and Cascades Regions.

4. Sustainability.

The ability of farmers to adapt to new irrigation and agricultural methods, and the executing agencies to complete the project within the Compact Term, will be crucial for a successful and sustainable outcome. Availability of sufficient water resources and fertile soils, and the capacity for implementing proper operation and maintenance of facilities and infrastructure, are limiting factors to sustainable development in Burkina Faso. The Agriculture Development Project is designed to address these key constraints in partnership with the Government and with the commitment of beneficiaries. To achieve the Project's goals, MCC Funding will strengthen the capacity of key stakeholders through training and technical assistance, and will create the enabling environment that ensures proper levying of water fees and adequate operation and maintenance of the infrastructure and facilities.

The overall sustainability of the Project lies with: (a) the strengthened capacity of the *Direction Générale des Ressources en Eau* ("**DGRE**") to better manage and maintain water storage in the Sourou reservoir; (b) the strengthened capacity of AMVS through its operation and maintenance contractors to provide a reliable supply of water to farmers as specified in the by-laws of the project (*Cahier de Charges*); (c) the capacity of beneficiaries, through their Water User Associations ("**WUA**") to pay for operations and maintenance to ensure the provision of irrigation water; (d) the establishment of an operations and maintenance fund managed and overseen by AMVS and the WUAs; and (e) the Government to ensure that the *Cahier de Charges* is respected by the parties to it. Contingent upon full continuing execution of the operations and maintenance action plan pursuant to the AMVS Management Audit, a deposit of MCC Funding equal to approximately 1.5 times the estimated cost of operations and maintenance of the Di irrigation infrastructure for one year, may be made into the operations and maintenance fund, unless otherwise agreed by the Parties. Notwithstanding such deposits, MCC anticipates that farmers will, from the outset, pay water charges incrementally toward the full cost of operations and maintenance within the first two years of operation. With respect to the Léry Dam, the Government will ensure that a plan and adequate resources are in place to cover yearly operation and maintenance costs associated with the Léry Dam. Land allocation and future land management within the scheme area will be supported by general and specific by-laws (*Cahier de Charges*), whose content will be approved by MCC. The Rural Land Governance Project will support land use planning and management and capacity-building to the

municipalities overlapping with targeted areas, and will support registration of rights in the targeted scheme areas.

Projects with similar objectives have failed in the past because of the failure of public and private entities to consistently deliver on their commitments to growers. The focus of this Project is not on building a particular service capacity for which external funding will always be needed. It rather will foster relationships between producers and commercial suppliers of the goods and services they need and between AMVS and the WUAs, so that mutual interest is served by each continuing to perform his or her part. The objective is to ensure that producers acquire the knowledge and the ability to recognize their needs for information, and to develop the network and capacity to meet that need, through more diverse and direct sources than a conventional, public sector agent.

5. Environmental and Social Mitigation Measures.

Environmental sustainability of the Agriculture Development Project will be promoted through the implementation of site-specific interventions to reduce the potential for downstream surface water contamination, reforestation actions to address fuel-wood shortages, and use of pest management plans. Additionally, training and capacity building for the AMVS and Ministry of Environment officials will help ensure that environmental and social issues will be adequately managed. Social sustainability will be promoted by the integration of completed gender analysis into final Project design and terms of reference for implementation to ensure women and families benefit from Project investments, targeted training and through a transparent parcel allocation scheme. Thorough resettlement analysis will also contribute to social sustainability through the identification of mitigation and compensation measures that will factor into the Resettlement Action Plans.

Detailed assessments and mitigation plans will be developed for the Agriculture Development Project as follows: (a) EIAs, EMPs and RAPs for the water management and irrigation activities at Di and Léry, focusing on environmental, social, and resettlement impacts of the creation of the Di irrigated perimeter as well as the rehabilitation of the Léry Dam; (b) in connection with the Diversified Agriculture Project Activity, an EIA, EMP, and RAP for the market rehabilitation component, focusing on the environmental, social, and resettlement impacts of rehabilitating up to eight district markets; (c) an EIA and EMP of the diversified agriculture activities, focusing on the environmental impacts of agricultural intensification in the region and its aquatic ecosystems; (d) a plan to build environmental and social capacity for the AMVS to ensure that minimum capacity is present for monitoring impacts and monitoring compliance with MCC's Environmental Guidelines and the MCC Gender Policy; and (e) appropriate guidelines and requirements for the Access to Rural Finance Project Activity to ensure that end-borrowers implement projects in compliance with the Government's environmental regulations and MCC's Environmental Guidelines.

6. Donor Coordination.

The Project design draws extensively on the work of other donors. MCC consulted with the EU on the IWRM, and with the World Bank and AfDB on irrigation and agriculture. Lessons learned, particularly with regard to including supporting technical assistance for farmers, have been incorporated to improve the design of this project and foster its sustainability. A number of other donors have been active in the target rural areas of the Project, including the World Bank,

AfDB, USAID, the *Fonds Européen De Développement* (“*FED*”) as well as Swiss and Belgian bilateral aid agencies. In several cases, the actions to be taken under the Project complement other initiatives. For example, the market information system will continue work begun under a USAID project, and the improvements to district markets will draw on the experience of the Swiss Development Agency. In addition, the Access to Rural Finance Project Activity has been designed in consultation with other donor funded micro, small and medium sized rural enterprise (“*MSME*”) activities in Burkina Faso. In particular, synergies will be gained in implementation through close coordination with the International Finance Corporation’s MSME credit program, the World Bank’s *Projet d’Appui aux Filières Agro-Sylvo-Pastoral* Project (“*PAFASP*”), and the World Bank and EU-funded *Maison de l’Entreprise* which provides business support services. MCC anticipates that consultations will continue with these donors and with others who may develop interventions within the Project zones.

7. United States Agency for International Development.

USAID currently does not focus specifically on the agriculture sector in Burkina Faso. However, the Government will work with USAID, as appropriate, to identify potential opportunities for coordination with respect to the Agriculture Development Project.

8. Policy, Legal and Regulatory Reforms.

The Government will continue institutional reforms and initiatives aimed at sustainable water resource management that would support the development of the Integrated Water Resource Management plans prepared and financed pursuant to this Compact.

The Government will exercise its best efforts to ensure compliance of all stakeholders with their obligations as set out in the various *Cahier de Charges* relevant to the Di irrigation perimeter. If such stakeholders fail to fulfill those obligations with respect to operation and maintenance of the irrigation system, the Government shall ensure that such operation and maintenance is performed in any event.

The Government will put in place in the Sourou Valley region adequate health infrastructure, and will deploy the necessary staff to ensure proper functioning of this infrastructure, in conformity with the standards of the National Health Service Plan (*Plan de Développement Sanitaire*) in use in Burkina Faso.

In addition, the implementation by the Government, to the satisfaction of MCC in its discretion, of the policy, legal and regulatory reform described below shall be conditions precedent to specified Disbursements: the Government will ensure the availability of funds and provide a timeline acceptable to MCC for the construction of identified agriculture access roads in the vicinity of the Di perimeter: (a) Di - Poura - Oukou - Poro - Dono, and (b) Dono - Niassari - Bouna.

D. ROADS PROJECT

1. Background.

Burkina Faso’s Poverty Reduction Strategy Paper identifies infrastructure development as a critical priority for increased economic growth. For a landlocked country, the road transport

network is an important asset for economic development. Such a network facilitates trade and communications with regional and international markets and improves local connectivity of farms to markets. Road network investments also improve access to social services in rural communities, such as those in western Burkina Faso, which currently are underserved by an adequate transport system.

The Project Objective of the Roads Project is to enhance access to markets through investments in the road network. More specifically, the Roads Project is designed to: (a) improve access to agricultural markets by upgrading primary and rural road segments serving the Sourou Valley and the Comoé Basin; (b) reduce travel time to markets and reduce vehicle operating costs; and (c) ensure the sustainability of the road network by strengthening road maintenance. Expected results include increased volume of freight and passenger traffic on rehabilitated roads, reduced travel times and costs, and improved road maintenance. The Project includes a set of primary and rural roads projects for upgrading to appropriate functional standards and designed to carry projected traffic for a 15 to 20 year horizon. Benefits are expected to result primarily from increasing the year-round accessibility to markets of agriculturally productive regions that are typically cut off during the rainy season.

2. Summary of Project and Activities.

The Roads Project consists of the following Project Activities:

(a) Development of Primary Roads.

The Development of Primary Roads Project Activity will support the improvements of three primary road segments in western Burkina Faso currently projected to total 271 kilometers. The segments to be financed using MCC Funding include the development of a 145 kilometer segment from Dedougou – Nouna – Mali border, the development of a 76 kilometer segment from Sabou – Koudougou – Didyr, and a 50 kilometer segment from Banfora – Sindou (collectively, the “**Primary Roads**”). Specifically, MCC Funding will support:

(i) implementation of construction activities for the opening, improvement, or rehabilitation of the Primary Roads;

(ii) implementation of environmental and social mitigation measures as identified in the EIA and the RAP, or as otherwise may be appropriate, to include compensation for physical and economic displacement of individuals, residences and businesses affected by such rehabilitation and construction, consistent with OP 4.12; and

(iii) Project management, supervision and auditing of such improvements and upgrades.

(b) Development of Rural Roads.

The Development of Rural Roads Project Activity will support the improvements of rural road segments currently projected to total 151 kilometers located in three rural areas in the Comoé Basin of southwestern Burkina Faso, including the Provinces of Leraba, Comoé, and Kenedougou (collectively, the “**Rural Roads**”). These roads currently exist as rural tracks and

improvements will include upgrading to a fully engineered rural road standard. Specifically, MCC Funding will support:

- (i) implementation of construction activities for the opening, improvement, or rehabilitation of the Rural Roads;
- (ii) implementation of environmental and social mitigation measures as identified in the EIA and the RAP, or as otherwise may be appropriate, to include compensation for physical and economic displacement of individuals, residences and businesses affected by such rehabilitation and construction, consistent with OP 4.12; and
- (iii) project management, supervision and auditing of such improvements and upgrades.

(c) Capacity Building and Technical Assistance for Road Maintenance.

The Capacity Building and Technical Assistance Project Activity will provide capacity building and technical assistance to existing government agencies and private sector institutions involved with road maintenance activities to improve the planning and implementation of road maintenance. Specifically, MCC Funding will support:

- (i) assistance in developing a five-year road maintenance plan;
- (ii) training on procurement processes, contract management, and financial accounting systems;
- (iii) support for development of administrative framework of the IMFP (as defined below);
- (iv) support for public outreach programs for improving safety and protection of road infrastructure; and
- (v) any other related activities as may be approved by MCC.

MCC Funding will also be used for environmental and social capacity building of the Ministry of Environment and Ministry of Infrastructure.

(d) Incentive Matching Fund for Periodic Road Maintenance.

The Incentive Matching Fund for Periodic Road Maintenance (“**IMFP**”) Project Activity is designed to set the Government on a path toward long-term, sustainable funding of periodic maintenance on the full road network in Burkina Faso. MCC Funding will be used to finance periodic road maintenance works through an incentive matching fund that will match annual increases in the Government’s dedicated funding for periodic maintenance, subject to measurable indicators of performance on maintenance planning, capacity, and implementation. MCC and the Government envision that the IMFP will be administered by the Road Maintenance Fund of Burkina (*Fonds d’Entretien Routier du Burkina – FER-B*), an institution established by the Government in cooperation with the World Bank (the “**Road Fund**”). MCC Funding of the IMFP is subject to the fulfillment of the following conditions, as such conditions are further specified in the Program Implementation Agreement: (i) the preparation and delivery by the

Government of a five-year road maintenance plan that will be updated annually; (ii) the presentation by the Government of evidence, satisfactory to MCC, that *Direction Générale des Routes* (“*DGR*”) and *Direction Générale des Pistes Rurales* (“*DGPR*”) have improved procurement, contract management and implementation oversight capacities; (iii) the presentation by the Government of evidence, satisfactory to MCC, that the Road Fund has adopted appropriate financial controls (including cash management and accounting controls) and operational systems (including with respect to contract management), and such mechanisms are formalized, implemented and verified pursuant to technical and financial audits conducted in accordance with the by-laws (*Cahier de Charges*) of the Road Fund approved by MCC; and (iv) the establishment of the relative contributions of the Government and MCC to the IMFP, as agreed upon between MCC and the Government, and the provision by the Government of evidence of financing sufficient to meet the Government’s share of such contributions. In connection with this sub-section (d), the Parties shall use their best efforts to consult with other donors where appropriate.

3. Beneficiaries.

Key beneficiaries of the Roads Project will include the population in the areas serviced by the roads as well as those who transship goods through the region using the roads. Anticipated benefits include increased production (for both inputs such as fertilizer, and outputs such as farm produce) due to improved access to markets resulting from reduced travel time and reduced vehicle operating costs. In addition, reducing the isolation of these communities may increase access to health and education services.

4. Sustainability.

Road maintenance is crucial for the long term function and benefit of the Roads Project investment. The continuation of efforts to mobilize resources for road maintenance is essential to ensure sustainability of the road investments. In support of road maintenance, the provision by MCC of matching funds to annual increases in Government spending on periodic maintenance is an innovative mechanism to ensure roads are adequately maintained and continue to stimulate access into the long-term.

5. Environmental and Social Mitigation Measures.

Environmental sustainability of the Roads Project will be promoted through the conduct of comprehensive environmental and social impact assessments that will build upon the environmental and social work already completed. In addition, the Roads Project will include a series of training and short-term educational seminars that will include coverage of sound environmental and social performance for existing contractors active in the road maintenance industry.

EIAs will be completed for each set of roads to be rehabilitated or upgraded, and each EIA will include gender analysis, EMPs and HIV/AIDS prevention plans. In addition, RAPs will be developed and implemented for each road segment. While environmental and social impacts related to the IMFP Project Activity are not expected to be significant, requirements will be incorporated into the design of the IMFP. Further, annual technical audits will include consideration of environmental and social performance.

6. Donor Coordination.

Throughout due diligence, MCC has consulted with major donors involved in funding road construction and capacity building/institutional strengthening projects in Burkina Faso. MCC has been particularly active in coordinating its approach to road maintenance, an increasingly important collective concern among the major donors. Technical assistance under the Capacity Building and Technical Assistance for Road Maintenance Project Activity has been structured to complement ongoing technical assistance programs, to build on the World Bank's assistance that resulted in the establishment of the Road Fund, and to strengthen work initiated by the AfDB and the EU on road maintenance. Design of the IMFP, in particular, was developed in collaboration with the World Bank and the EU.

The road segments selected for MCC Funding provide connections with current road construction activities funded by other donors. The Koudougou to Dedougou road segment, funded by the Islamic Development Bank ("*BID*"), Arab Bank for Economic Development in Africa ("*BADEA*"), Arab Development Fund ("*FAD*"), Kuwait Fund for Arab Economic Development, Saudi Fund for Development, OPEC Fund for International Development and the Government, lies in between the Dedougou-Mali border road and the Sabou-Koudougou-Didyr road. The Sabou to Koudougou road segment intersects with the EU-funded periodic maintenance on the Sabou to Bobo-Dioulasso road and works on the Sabou to Ouagadougou road anticipated to be funded by the World Bank.

7. United States Agency for International Development.

USAID currently does not focus specifically on the roads and transport sectors in Burkina Faso. However, the Government will work with USAID, as appropriate, to identify potential opportunities for coordination with respect to the Roads Project.

8. Policy, Legal and Regulatory Reforms.

The implementation by the Government, to the satisfaction of MCC in its discretion, of the policy, legal and regulatory reforms described below shall be conditions precedent to the specified Disbursements:

(a) The Government will ensure that the Road Fund is fully operational in accordance with Burkina Faso law with all staff, management, and financial systems in place for efficient execution of the road maintenance works including contract management, performance monitoring and works verification.

(b) The Government will ensure that DGR and DGPR have improved operational processes to conduct procurement, contract management, and monitoring of road maintenance works, as measured by mutually agreed targets, to facilitate the implementation of the Road Fund.

(c) The Government will ensure that a transparent method of funding periodic maintenance is established to support the Road Fund.

In addition, the Government will actively pursue participation of the private sector in maintenance work through a series of training seminars and outreach activities to improve

private sector understanding of procurement processes, contracting requirements, road maintenance methods/best practices, and maintenance standards.

E. BRIGHT 2 SCHOOLS PROJECT

1. Background.

The Project Objective of the BRIGHT 2 Schools Project is to increase primary school completion rate for girls and builds upon the successes of the Burkinabé Response to Improve Girls' Chances to Succeed ("**BRIGHT**") funded under the MCC Threshold Program. In addition, the BRIGHT 2 Schools Project will further support the efforts of the Ministry of Basic Education and Literacy (*Ministère de l'Enseignement de Base et de l'Alphabétisation* or "**MEBA**") to increase girls' primary education completion rate. The Project focuses on maintaining high levels of girls' enrollment and retention as they move on to the higher grades (4-6) in their new classrooms. Specific objectives of the Project are to: (a) maintain the high enrollment rates; (b) anchor the girls' education principles in the respective communities for the benefit of future generations of school-aged girls; and (c) start a program for school maintenance.

The BRIGHT 2 Schools Project will consist of two phases. Phase one, scheduled from September 2008 to December 2009, will be an interim phase to provide temporary classroom solutions and to maintain community interest at the respective schools to be supported by Compact Implementation Funding. Phase two, scheduled from the date the Compact enters into force and for the three consecutive years thereafter, will consist of construction work in addition to all other Project Activities. Several months of anticipated overlap between phase one and phase two will allow for a smooth transition between the two stages.

The BRIGHT 2 Schools Project will be administered by USAID pursuant to an agreement between USAID and MCC (the "**Administration Agreement**"). Accordingly, the Government will not be responsible for Project Activities for which USAID has sole responsibility under the Administration Agreement (including with respect to applicable Disbursements to USAID). Notwithstanding the foregoing, the Government will cooperate with USAID and perform its obligations to achieve the BRIGHT 2 Schools Project Objective consistent with this Compact, the Program Implementation Agreement and any other Supplemental Agreement.

2. Summary of Project and Activities.

The BRIGHT 2 Schools Project consists of the following mutually reinforcing Project Activities:

- (a) Borehole Construction/Rehabilitation and/or Water Catchment Systems.

MCC Funding will support some or all of the following:

- (i) the construction of up to 50 additional boreholes for the exclusive use of the school complex;
- (ii) the purchase and installation of pipe and water catchments, where technically feasible, in accordance with environmental regulations, and budget permitting; and

(iii) such other activities as may be determined by MCC in consultation with USAID.

(b) Construction of Schools Complexes.

MCC Funding will support the identification, in consultation with respective communities, of the exact location for expansion of existing schools and their construction. It also will support the construction of an additional classroom block of three classrooms at each of the 132 locations, for a total of 396 additional classrooms (including equipment), 396 teacher housing units, (including latrine, bathing space and kitchen), two blocks of three latrines (for a total of 792 latrines), sports grounds and sports equipment.

(c) Bisongos (Kindergartens).

MCC Funding will support the construction of 122 *bisongos*, including playground and equipment. Such construction will utilize existing designs prepared by Catholic Relief Services and made available to the Ministry of Social Action and National Solidarity.

(d) Take-Home Rations.

This Project Activity will provide food for daily meals (“*Take-Home Rations*”) during the nine months of the school year for approximately 100 children estimated to be enrolled at each of the 132 *bisongos*. The Project also will provide monthly Take-Home Rations for girls demonstrating 90 percent monthly attendance in grades 1-4 (*CPI-CE2*) during the nine-month school year. Forty-five girls per grade are estimated to be able to benefit from Take-Home Rations, which consist of approximately eight kilograms of rice or other dry foods. Take-Home Rations will be provided based on studies showing that school meals are an effective way of ensuring attendance and improving academic performance. Implementers will be encouraged to work with teachers and parents to create school gardens to enhance participation in canteen planning and management for nutritious meals. The initiative supports MEBA’s strategic plan, and anticipates training sessions for teachers in the school garden concept and nutrition.

(e) Social Mobilization Campaign.

This Project Activity will build community ownership around the school and the value of education through social mobilization, literacy training, and other efforts in the 132 rural communities. Specifically, MCC Funding will support:

(i) well-targeted social mobilization campaigns on topics to serve as content for literacy training, school director and teacher training, and as the basis for community discussion groups, including messages on gender parity, the lifelong value of education and literacy, school maintenance, canteen and bisongo management;

(ii) assistance to the *Associations des Mères Educatrices* (“*AME*”) to mentor girls;

(iii) training teachers in sensitivity to gender issues; and

(iv) an incentive program for female teachers.

(f) Adult Literacy / Management of Micro-Projects.

MCC Funding will support the training of trainers, delivery of literacy courses, and training in micro-project management for women and mothers in the 132 communities. This Project Activity will build on existing literacy programs and lead to the development of training materials that respond to the needs of the communities and enhance the women's understanding of the benefits of their own education as well as their role in supporting their daughters' and the school in general. Specifically, MCC Funding will support:

(i) training in management of micro-projects for income generation to help boost community development; and

(ii) literacy training for mothers.

(g) Program Support.

MCC Funding will be used for direct and indirect costs incurred by USAID in the implementation of this Project.

3. Beneficiaries.

Approximately 19,800 children, including approximately 9,900 girls, will benefit from the construction of the remaining classrooms for BRIGHT schools in 132 communities in 9 provinces. In addition, it is estimated that 13,200 children will benefit from the *bisongos* (kindergartens), 39,600 children will benefit from the meals provided in schools, and 13,200 girls and their families will benefit from the Take-Home Rations.

4. United States Agency for International Development.

USAID will serve as the administrator for the BRIGHT 2 Schools Project pursuant to the Administration Agreement.

5. Policy, Legal and Regulatory Reforms.

The Government will implement the policy, legal and regulatory reforms described below.

(a) The Government will ensure the nomination by MEBA of a BRIGHT 2 Schools Project Coordinator and Coordination Team, and shall ensure that a BRIGHT 2 Schools Project Coordinator and Coordination Team are in place for the duration of the Project.

(b) The Government will provide an annual budget allocation, in accordance with Section 2.6(c) of the Compact, to MEBA for teacher salaries and other recurrent costs for the existing 132 BRIGHT schools (including classrooms and other facilities funded under the BRIGHT 2 Schools Project).

F. IMPLEMENTATION FRAMEWORK

1. Overview.

The implementation framework and the plan for ensuring adequate governance, oversight, management, monitoring and evaluation, and fiscal accountability for the use of MCC Funding are summarized below. MCC and the Government shall enter into the Program Implementation Agreement, and any other agreements in furtherance of this Compact, all of which, together with this Compact, shall set out certain rights, responsibilities, duties and other terms relating to the implementation of the Program.

2. MCC.

MCC will take all appropriate actions to carry out its responsibilities in connection with this Compact and the Program Implementation Agreement, including the exercise of its approval rights in connection with the implementation of the Program.

3. MCA-Burkina Faso.

The Government, by Decree No. 2008-185/PRES/PM dated April 18, 2008 of the Council of Ministers of Burkina Faso (the “**Decree**”), established MCA-Burkina Faso as an independent legal entity empowered to carry out the Government’s obligations and to implement the Program under this Compact. The Government shall ensure that MCA-Burkina Faso takes all appropriate actions to implement the Program, including the performance of the rights and responsibilities designated to it by the Government pursuant to this Compact and the Program Implementation Agreement. The Government also shall ensure that MCA-Burkina Faso has full decision-making autonomy, including, *inter alia*, the ability, without consultation with, or the consent or approval of, any other party, to (a) enter into contracts in its own name, (b) sue and be sued, (c) establish an account in a financial institutions in the name of MCA-Burkina Faso and hold MCC Funding in that account, (d) expend MCC Funding, (e) engage one or more fiscal agents who will act on behalf of MCA-Burkina Faso on terms acceptable to MCC, (f) engage one or more procurement agents who will act on behalf of MCA-Burkina Faso, on terms acceptable to MCC, to manage the acquisition of the goods, works and services requested by MCA-Burkina Faso to implement the activities funded by this Compact, and (g) competitively engage one or more auditors to conduct audits of its accounts.

MCA-Burkina Faso will be administered and managed by the following bodies: (a) *Le Comité d’Orientation et de Suivi*, acting as its Board of Directors (the “**Board**”); (b) *L’Unité de Coordination*, acting as its management unit (the “**Management Unit**”); and (c) *Le Conseil National*, acting as its stakeholders committee (the “**Stakeholders Committee**”). The governance of MCA-Burkina Faso will be set forth in more detail in the Program Implementation Agreement, the constitutive documents and internal regulations of MCA-Burkina Faso (“**MCA-Burkina Faso Bylaws**”) laying out the responsibilities of the Board, the Management Unit, and the Stakeholders Committee. The MCA-Burkina Faso Bylaws will be in accordance with MCC’s Guidelines for Accountable Entities and Implementation Structures, published on the MCC Website (the “**Governance Guidelines**”).

(a) Board of Directors (*Le Comité d’Orientation et de Suivi*).

(i) Composition. Consistent with the Decree and the Governance Guidelines, MCA-Burkina Faso shall be governed by the Board, which shall consist of those voting and non-voting members set forth in the Decree. Any alteration of the composition of the Board shall be subject to MCC approval.

(ii) Roles and Responsibilities. The Board will be responsible for overseeing the implementation of the Program, including making major decisions, such as approving annual implementation plans, disbursement requests, annual progress reports, key contracts, and reporting on policy reforms, as well as other responsibilities defined in the MCA-Burkina Faso Bylaws. The Board will have final decision-making authority over the implementation of the Program. It will meet regularly; the frequency of meetings will be set forth in the MCA-Burkina Faso Bylaws and will be in accordance with the Governance Guidelines. The specific roles of the voting and non-voting members will be set forth in the MCA-Burkina Faso Bylaws.

(b) Management Unit (*L’Unité de Coordination*).

(i) Composition. The Management Unit, which will be led by a competitively selected National Coordinator, also will be composed of competitively recruited Directors with expertise in the key components of the Program, a Legal Counsel, and other key Directors, including Directors of Environmental and Social Assessment, Procurement, Administration and Finance, and Monitoring and Evaluation, together with such other managers and officers as may be agreed by the Government and MCC. The Directors will be supported by appropriate staff to enable the Management Unit to execute its roles and responsibilities.

(ii) Roles and Responsibilities. The Management Unit will be based in Ouagadougou, Burkina Faso, and will be responsible for managing the day-to-day implementation of the Program with oversight from the Board. It will serve as the principal link between MCC and the Government and will be accountable for the successful execution of the Program, each Project and each Project Activity. As an administrative structure of the Government, MCA-Burkina Faso will be subject to Government audit requirements. As a recipient of MCC Funding, it will also be subject to MCC audit requirements.

4. Stakeholders Committee (*Le Conseil National*).

(a) Composition. The Government has established a strategic Stakeholders Committee, in conformity with the Governance Guidelines, to ensure the continuation of the consultative process throughout the implementation of the Program. The Stakeholders Committee shall consist of up to 28 members (or such other number as may be selected by the Government and approved by MCC), including deputies, mayors, regional government counselors, and representatives from banks in the project intervention zone, the private sector, environmental NGOs, women’s associations, fruits and vegetable exporters, farmers’ associations in the Sourou and Comoé, and religious and customary authorities. The Government also will establish, in the project intervention and project-affected areas, informal stakeholders’ committees whose size and composition will reflect the sectors, activities and concerns of the Program, and include key NGOs, the private sector, civil society, and decentralized regional and local government bodies.

(b) Location. The strategic Stakeholders Committee and the informal stakeholders' committees will convene where appropriate to ensure maximum participation in providing feedback on Program and Project implementation.

(c) Roles and Responsibilities. The strategic Stakeholders Committee will serve as a feedback and accountability mechanism for MCA-Burkina Faso throughout the Program's implementation. It will be responsible for continuing the consultative process throughout Program implementation and will consult with the informal stakeholders' committees on a regular basis or at the request of an informal stakeholders' committee as set forth in the MCA-Burkina Faso Bylaws. The informal stakeholders' committees will not have decision-making authority but, at the request of the strategic Stakeholders Committee, will review certain reports, agreements and documents, including implementation documents to the extent appropriate, and provide advice and feedback regarding the Program's implementation.

5. **Implementing Entities.**

(a) Composition. The Government and MCC have identified the principal ministries and public institutions that may or will serve as implementing entities (each, an "**Implementing Entity**"). Such Implementing Entities include, but are not limited to, (i) the AMVS, within the Ministry of Agriculture; (ii) the *Direction Générale des Routes*, within the Ministry of Infrastructure; (iii) the *Direction Générale des Pistes Rurales*, within the Ministry of Infrastructure; (iv) the Road Fund; (v) the Ministry of Environment (*Ministère de l'Environnement et du Cadre de Vie*); and (vi) appropriate *Directions* of the Ministry of Economic and Finance (*Ministère de l'Economie et des Finances*) for the Rural Land Governance Project. MCA-Burkina Faso will enter into agreements with the Implementing Entities that set forth their roles and responsibilities in connection with Program implementation.

(b) Location. The Implementing Entities will be based where appropriate to ensure maximum effectiveness in Program and Project implementation. Additional personnel to be based within the Implementing Entities may be contracted by MCA-Burkina Faso where appropriate.

(c) Roles and Responsibilities. The Implementing Entities will be responsible for the coordination of the Project Activities and of various contractors, the achievement of Project Objectives and timelines, development of Compact-related requirements (work plans, detailed financial plans, and quarterly reports), procurement (where MCC has determined that procurement tasks may be performed by the Implementing Entity), performance monitoring of contractors and such other Program-related activities as may be agreed by MCA-Burkina Faso and an Implementing Entity with the prior written approval of MCC.

6. **Fiscal Agent.**

Through a competitive process approved by MCC, the Government has appointed a fiscal agent (the "**Fiscal Agent**") to provide fiscal agent services to MCA-Burkina Faso. The Fiscal Agent will provide a broad range of financial management services required by MCA-Burkina Faso to implement the Program, including funds control, disbursement documentation and management, cash management and accounting, as set forth in the Fiscal Agent Agreement. The Government shall take all appropriate actions to ensure that the Fiscal Agent performs these services in accordance with the terms of this Compact, the Program Implementation Agreement, and any

other agreement to which the Fiscal Agent is a party and that all accounting in connection with the Program is in accordance with International Accounting Standards (IAS) as contemplated by Section 3.7(b)(i) of the Compact.

7. Procurement Agent.

Through a competitive process approved by MCC, the Government has appointed a procurement agent (the “***Procurement Agent***”) to provide procurement agent services to MCA-Burkina Faso. The Procurement Agent will administer all Program and administrative procurements, and provide specified procurement appropriate activities required by MCA-Burkina Faso to implement the Program, as set forth in the Procurement Agent Agreement; *provided, however*, that the Procurement Agent shall not be responsible for those procurements administered pursuant to the Administration Agreement. The Government shall take all appropriate actions to ensure that the Procurement Agent performs these services in accordance with the terms of this Compact, the Program Implementation Agreement, and any other agreement to which the Procurement Agent is a party and in accordance with the MCC Program Procurement Guidelines.

ANNEX II

SUMMARY OF THE MULTI-YEAR FINANCIAL PLAN

1. General.

This Annex II to this Compact (the “*Financial Plan Annex*”) summarizes the Multi-Year Financial Plan for the Program. Each capitalized term in this Financial Plan Annex shall have the same meaning given such term elsewhere in this Compact. Unless otherwise expressly stated, each Section reference herein is to the relevant Section of the main body of this Compact.

The Multi-Year Financial Plan Summary below sets forth the estimated annual contribution of MCC Funding for Program administration, Program monitoring and evaluation, and implementing each Project. The Government’s contribution of resources will consist of in-kind contributions and amounts required effectively to satisfy the requirements of Section 2.6(a) of this Compact. In accordance with the Program Implementation Agreement, the Government will develop and adopt on a quarterly basis a detailed financial plan (as approved by MCC) setting forth annual and quarterly funding requirements for the Program (including administrative costs) and for each Project, projected both on a commitment and cash requirement basis.

2. Modifications.

Consistent with Section 6.2(b) of this Compact, to preserve administrative flexibility, the Parties may by written agreement (or as otherwise provided in the Program Implementation Agreement), without amending this Compact, change the designations and allocations of MCC Funding among the Projects, the Project Activities, or any activity under Program administration or monitoring and evaluation, or between a Project identified as of the entry into force of this Compact and a new project.

MUTLI-YEAR FINANCIAL PLAN SUMMARY (US\$)							
Project	CIF	Year 1	Year 2	Year 3	Year 4	Year 5	Total
1. Rural Land Governance Project							
Legal and Procedural Change and Communication	144,667	943,916	366,792	240,422	240,422	75,592	2,011,811
Institutional Development and Capacity Building	54,667	2,394,586	8,975,304	10,370,277	9,278,614	6,934,211	38,007,659
Site-Specific Land Tenure Interventions	906,078	3,871,586	3,654,951	4,992,964	4,560,964	1,928,602	19,915,145
Sub-Total	1,105,412	7,210,088	12,997,047	15,603,663	14,080,000	8,938,405	59,934,615
2. Agriculture Development Project							
Water Management and Irrigation	3,838,844	6,761,835	26,576,645	34,497,680	15,805,924	3,957,941	91,438,869
Diversified Agriculture	932,758	8,349,515	11,599,192	6,685,782	6,936,923	2,001,462	36,505,632
Access to Rural Finance	-	2,798,084	2,773,453	2,845,349	2,539,336	3,009,336	13,965,558
Sub-Total	4,771,602	17,909,434	40,949,290	44,028,811	25,282,183	8,968,739	141,910,059
3. Roads Project							
Development of Primary Roads	300,756	1,516,858	28,241,321	69,106,730	42,638,082	422,561	142,226,308
Development of Rural Roads	37,227	74,452	4,268,032	7,665,973	5,499,910	58,779	17,604,373
Capacity Building and Technical Assistance for Road Maintenance	-	1,460,000	460,000	460,000	460,000	460,000	3,300,000
Incentive Matching Fund for Periodic Road Maintenance (IMFP)	-	-	-	16,000,000	10,000,000	5,000,000	31,000,000
Sub-Total	337,983	3,051,310	32,969,353	93,232,703	58,597,992	5,941,340	194,130,681
4. BRIGHT 2 Schools Project							
BRIGHT 2 Schools Activity	3,000,000	25,829,669	-	-	-	-	28,829,669
Sub-Total	3,000,000	25,829,669	-	-	-	-	28,829,669
5. Monitoring & Evaluation (M&E)							
Monitoring & Evaluation	450,000	1,720,000	1,210,000	1,460,000	1,360,000	1,680,000	7,880,000
Sub-Total	450,000	1,720,000	1,210,000	1,460,000	1,360,000	1,680,000	7,880,000
6. Program Administration & Oversight							
MCA-Burkina Faso Program Administration	5,827,998	5,122,627	5,337,718	6,035,248	5,615,847	5,549,637	33,489,075
Fiscal Agent / Procurement Agent	608,070	2,432,280	2,432,280	2,432,280	2,432,280	2,432,280	12,769,470
Audit	-	400,000	400,000	400,000	400,000	400,000	2,000,000
Sub-Total	6,436,068	7,954,907	8,169,998	8,867,528	8,448,127	8,381,917	48,258,545
Total Estimated MCC Contribution	16,101,065	63,675,408	96,295,688	163,192,705	107,768,302	33,910,401	480,943,569

ANNEX III

DESCRIPTION OF MONITORING AND EVALUATION PLAN

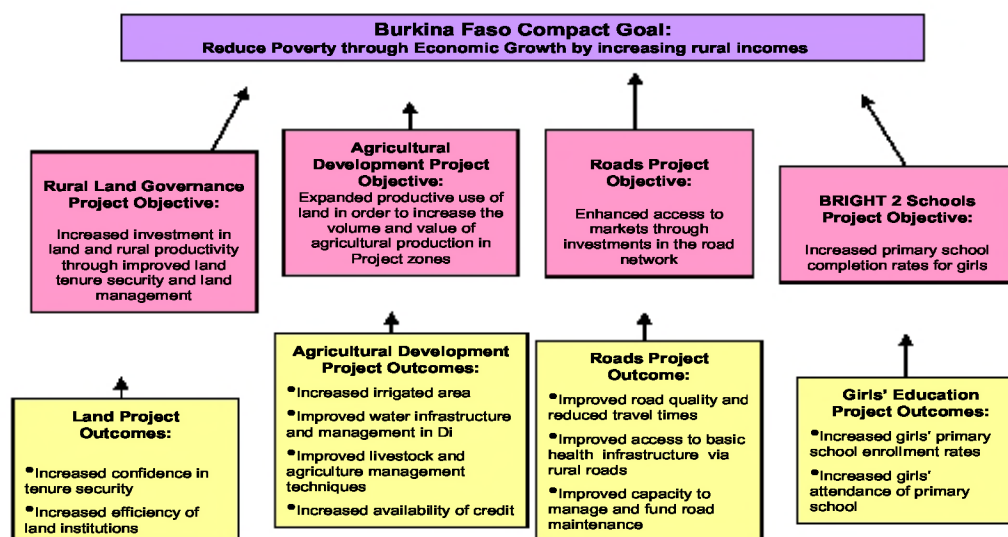
This Annex III (the “*M&E Annex*”) generally describes the components of the Monitoring and Evaluation Plan (“*M&E Plan*”) for the Program.

1. Overview.

MCC and the Government (or a mutually acceptable Government affiliate) will formulate, agree to and the Government will implement, or cause to be implemented, an M&E Plan that specifies (a) how progress toward the Program goal and objectives will be monitored, (“*Monitoring Component*”), (b) process and timeline for the monitoring of planned, ongoing, or completed project activities to determine their efficiency and effectiveness, and (c) a methodology for assessment and rigorous evaluation of the outcomes and impact of the Program (“*Evaluation Component*”). Information regarding the Program’s performance, including the M&E Plan, and any amendments or modifications thereto, as well as progress and other reports, will be made publicly available on the website of MCA-Burkina Faso and elsewhere.

2. Program Logic.

The M&E Plan will be built on a logic model which illustrates how the Program, Projects and Project activities contribute to poverty reduction and economic growth in Burkina Faso. The logic model below provides a visual representation of each Project’s activities and the channels through which the activities lead to higher level outcomes and objectives. In sum, the goal of the Program is to contribute to rural economic growth and poverty reduction among targeted beneficiaries.



3. Monitoring Component.

To monitor progress toward the achievement of the impact and outcomes, the Monitoring Component of the M&E Plan will identify (a) the indicators, (b) the definitions of the indicators,

(c) the sources and methods for data collection, (d) the frequency for data collection, (e) the party or parties responsible, and (f) the timeline for reporting on each indicator to MCC.

(a) **Indicators.** The M&E Plan will measure the results of the Program using quantitative, objective and reliable data (“**Indicators**”). Each indicator will have benchmarks that specify the expected value and the expected time by which that result will be achieved (“**Target**”). The M&E Plan will be based on a logical framework approach that classifies indicators as goal, objective, outcome, and output. The Compact Goal indicators (“**Goal Indicators**”) will measure the poverty reduction goal for each Project. Second, the Objective Indicator (“**Project Objective Indicators**”) will measure the final result of each Project. Third, Outcome and Output Indicators (“**Project Outcome Indicators**”) will measure the early and intermediate results of the Project activities. For each Project Outcome Indicator, Project Objective Indicator, and Goal Indicator, the M&E Plan will define a strategy for obtaining and verifying the value of such indicator prior to undertaking any activity that affects the value of such Indicator (such value, a “**Baseline**”). All indicators will be disaggregated by gender, income level and age, and beneficiary types to the extent practicable. Subject to prior written approval from MCC, MCA-Burkina Faso may add indicators or refine the definitions and Targets of existing indicators.

(i) **Goal and Project Objectives.** The M&E Plan will contain the Goal and Objective Indicators listed in the table below specifying the definition, unit of measurement, baseline, and end of Compact Target for each.

(ii) **Project Outcome Indicators.** The M&E Plan will contain Project Outcome Indicators which will measure the results for the 4 main Projects and are listed below with their definitions, units of observation, baseline and end of Compact Target. Prior to the disbursement of MCC Funding for any Project activity, the Implementing Entity of that Project activity must propose a final set of Activity Indicators that is approved in writing by its Project Manager, MCA-Burkina Faso and MCC. The M&E Plan will be amended to reflect the addition of such indicators.

Overall Goal: Reduce Poverty through Economic Growth by Increasing Rural Incomes	Unit of Measurement	Baseline Value	Year 5 Target
Increased income resulting from primary roads rehabilitation	US\$/year	0	US\$12,777,574
Increased income resulting from irrigation and agricultural investments	US\$/year	0	US\$2,750,000

Rural Land Governance Project					
Rural Land Governance Project	Indicator	Definition	Unit of Measurement	Baseline Value	Year 5 Target
Project Objective: Increase investment in land and rural productivity through improved land tenure security and land management	Trend in incidence of conflicts over land rights	Annual rate of increase of conflicts over land rights ¹	%	TBD*	Annual rate of increase in land disputes in Project areas falls by 25% (from the baseline rate of increase)
	Conflicts resolved	Proportion of all reported land conflicts <i>resolved</i> by prefectures and <i>Comités Villageois de Développement ("CVDs")</i> ²	% Prefectures	TBD*	50
			CVDs	TBD*	60
	"Chartes Foncières" (Social pacts) completed per the new land law	Number of new social pacts (commune-level land use and land management norms and procedures) completed	Number	0	47
	Communal land use plans completed	Number of new communal land use plans (maps) completed	Number	0	47
	Land planning and registration	Total targeted hectares or parcels registered at the " <i>Division Fiscale</i> " (deconcentrated tax office)	Hectares	Existing agricultural development zones ³	10,000
			Hectares	New zones (targeted under the Agriculture Development Project)	2037
			Parcels	Ganzourgou pilot	14,500 parcels

¹ Targeted Project areas will be compared to non-Project areas.

* Baseline data collection will be conducted during the CIF period.

² This will be disaggregated between conflicts resolved and conflicts reported.

³ Existing Zones : a) irrigated zones : Vallée du Kou, Banzon, Savili, Lac Bam, Sourou, Comoé ; b) pastoral zones : Nouaho and Sondré Est

Rural Land Governance Project					
Outcomes	Indicator	Definition	Unit of Measurement	Baseline Value	Year 5 Target
Increased <i>confidence</i> in land tenure	Extent of confidence in land tenure security	Percent of survey respondents perceiving their land as secure	%	TBD*	To 50 per cent
	Extent of confidence in land conflict resolution	Percent of survey respondents perceiving confidence in conflict resolution mechanisms	%	TBD*	To 50 per cent
Increased <i>efficiency</i> of land institutions	Average time required to obtain a title to land in rural areas	Number of days required to obtain a land title in rural areas	Days	TBD*	TBD**
	Average cost required to register property	Cost required to register land as property in rural areas	US\$	TBD*	TBD**

Agriculture Development Project						
Agriculture Development Project	Indicator		Definition	Unit of Measurement	Baseline Value	Year 5 Target
Project Objective : To expand productive use of land in order to increase the volume and value of agricultural production in the Project zones	Volume of production of selected products in the Sourou valley ⁴	Rainfed	Total volume of key agricultural production in the perimeters in the dry season and rainy season	Tons	15,571	20,000
		Irrigated ⁵		Tons	56,485	113,000
	Dry-season productivity in the Sourou valley	Onion on newly irrigated perimeters	Average yield of selected crops	Tons/ha	15	25
		Tomato and potato on newly irrigated perimeters	Average yield of selected crops	Tons/ha	10	25
		Rice on newly irrigated perimeters	Average yield of selected crops	Tons/ha	4	6

* Baseline data collection will be conducted during the CIF period.

** Target will be set as a result of baseline

⁴ Rainy season products: rice, corn, banana, papaya; Dry season products: rice, corn, wheat, banana, papaya, onion, watermelon, green bean, potato and tomato.

⁵ This will be disaggregated between old and new perimeters.

Agriculture Development Project					
Outcomes	Indicator	Definition	Unit of Measurement	Baseline Value	Year 5 Target
Increased irrigated area	New area under irrigation	Total new irrigated area productively exploited in the Sourou valley (hectares)	Hectares	3818	5855 ⁶
Improved water infrastructure and management in the Di perimeter	Overall conveyance efficiency	Ratio of volume of water delivered to a field as a fraction of volume taken from the Sourou river	%	N/A	75
	Water use efficiency	Ratio of the volume of crop water required to the volume of water delivered to the field	%	N/A	70
	Water fee recovery rate	Percent of annual targeted water fees collected from beneficiaries in new perimeters	%	N/A	100
Improved livestock management techniques	Bovine weight gain ⁷	Average bovine weight gain/head/year in participating herds	Kg/head/year	39	70
	Vaccine coverage against the contagious bovine péripneumonia	Percent of bovines vaccinated against the bovine péripneumonia in participating herds	%	29	65
Increased availability of credit in project areas	Loan provision by the rural finance facility	Total number of loans provided by the rural finance facility	Number	0	1000

⁶ 2037 additional hectares in Di.

⁷ These two livestock indicator baselines are national estimates, which will be updated when participating herds are identified.

Roads Project					
Roads Project	Indicator	Definition	Unit of Measurement	Baseline Value	Year 5 Target
Project Objective : Enhance access to markets through investments in the road network	Average Annual Daily Traffic	Traffic Counts (numbers of vehicles)	Number		
	Segment 1				
	Sabou - Koudougou			148	230
	Koudougou – Perkoa			212	330
	Perkoa – Didyr			164	195 ⁸
	Segment 2				
	Dedougou - Nouna			203	330
	Nouna – Bomborukuy			118	190
	Bomborukuy - Frt. Mali			62	110
	Segment 3				
	Banfora – Sindou			126	215
	Volume of goods transported	Volume of products transported to and from the production zones	Tons	TBD ⁹	Doubling

Roads Project					
Outcomes	Indicator	Definition	Unit of Measurement	Baseline Value	Year 5 Target
Improved road quality and reduced travel times	International Roughness Index	Degree of road roughness	Number	12-22 for relevant roads	3.5
	Access time (in minutes) to the closest market on paved roads	Accessibility to the markets	Minutes	TBD ¹⁰	Reduced by half
Improved access to basic health infrastructure via rural roads	Visits to basic health center infrastructure	Percent of population visiting health centers (annual)	%	34.08 ¹¹	46.10
Improved capacity to manage and fund road maintenance	Road Maintenance coverage	Percent of required <i>routine</i> maintenance completed	%	100	100
		Percent of required <i>periodic</i> maintenance completed	%	TBD	TBD ¹²

⁸ The traffic growth target for the Perkoa – Didyr segment includes annual normal traffic growth only and does not include generated traffic growth that would be added if this road segment were to be extended.

⁹ Baseline data collection will be conducted in the roads design studies.

¹⁰ Baseline data collection will be conducted in the roads design studies.

¹¹ This baseline represents the national value.

¹² To be determined based upon results of technical assistance studies.

BRIGHT 2 Schools Project					
BRIGHT 2 Schools Project	Indicator	Definition	Unit of Measurement	Baseline Value	Year 5 Target
Project Objective: Increase primary school completion rates for girls	National girls' primary education completion	The number of female students that have successfully completed their last year of primary school, minus the number of repeaters in that grade, divided by the total number of female children of official graduation age	%	26.20	60
Outcomes					
Improve access to basic education for girls	Girls' <i>enrollment</i> rate in BRIGHT schools	The number of girls enrolled in BRIGHT schools.	Number	0	9900
Improve quality of basic education for girls	Girls' <i>attendance</i> rates at BRIGHT schools	Percent of girls who attend BRIGHT school 90% of the time.	%	0	97
	(disaggregated by school and by grade)	(Numerator: girls who regularly attend BRIGHT schools) (Denominator: Total number of girls enrolled in BRIGHT schools) x100			
	Girls' <i>promotion</i> rates at BRIGHT schools	The percentage of girls enrolled in one grade that continue to be enrolled in the following grade in a BRIGHT school	%	0	90
	(disaggregated by school and by grade)				

(b) Data Collection and Reporting. The M&E Plan will establish guidelines for data collection and a reporting framework, including a schedule of MCC's Program reporting requirements and an identification of responsible parties. Compliance with data collection and reporting timelines will be conditions for disbursements for the relevant Project activities as set forth in the Program Implementation Agreement. The M&E Plan will specify the data collection methodologies, procedures, and analysis required for reporting on results at all levels. The M&E Plan will also describe any interim MCC approvals for data collection, analysis, and reporting plans.

(c) Data Quality Reviews. As determined in the M&E Plan or as otherwise requested by MCC, the quality of the data gathered through the M&E Plan will be reviewed to ensure that data reported are as valid, reliable, and timely as resources will allow. The objective of any data quality review will be to verify the quality and the consistency of performance data, across different implementation units and reporting institutions. Such data quality reviews also will serve to identify where those levels of quality are not possible, given the realities of data collection.

(d) Management Information System. The M&E Plan will describe the information system that will be used to collect data, store, process and deliver information to relevant stakeholders in such a way that the Program information collected and verified pursuant to the

M&E Plan is at all times accessible and useful to those who wish to use it. The system development will take into consideration the requirement and data needs of the components of the Program, and will be aligned with MCC existing systems, other service providers, and government ministries.

(e) Role of MCA-Burkina Faso. The monitoring and evaluation of this Compact spans across 4 discrete Projects and will involve a variety of governmental, non-governmental, and private sector institutions. Except for that portion of the M&E Plan to be implemented pursuant to the Administration Agreement (relating to the BRIGHT 2 Schools Project), MCA-Burkina Faso holds full responsibility for implementation of the M&E Plan, and MCA-Burkina Faso will oversee all Compact-related monitoring and evaluation activities conducted by each of the Projects, ensuring that data from all implementing entities is consistent, and accurately reported and aggregated into regular Compact performance reports as described in the M&E Plan.

4. Evaluation Component.

The Evaluation Component of the M&E Plan will contain two types of evaluations: Impact Evaluations, and Project Performance Evaluations. Plans for each type of evaluation will be finalized before MCC Disbursement for specific Program or Project activities. The Evaluation Component of the M&E Plan will describe the purpose of the evaluation, methodology, timeline, required MCC approvals, as well as the process for collection and analysis of data for each evaluation. The results of all evaluations will be made publicly available in accordance with MCC's Monitoring & Evaluation Guidelines ("***M&E Guidelines***").

(a) Impact Evaluation. The M&E Plan will include a description of the methods to be used for impact evaluations and plans for integrating the evaluation method into project design. Based on in-country consultation with stakeholders, the following activities outlined below were determined as having the strongest potential for rigorous impact evaluation. The M&E Plan will further outline in detail these methodologies. Final impact evaluation strategies are to be jointly determined before the approval of the M&E Plan and before entry into force of this Compact. The following are a summary of the potential impact evaluations:

(i) Rural Land Governance Project. A difference in difference evaluation will be used to make project scaling decisions. Surveys will be conducted in project and control communes on perceptions of conflict, before and after implementation of the project's pilot phase. In the event that randomized roll-out of some commune-level interventions is possible, their impact could be tested over time. An evaluation may also test spill-over of impacts between communes targeted under the project and neighboring communes.

(ii) Agriculture Development Project. Randomized type and level of extension/training support to various groups, and testing spillover effects beyond the directly targeted beneficiaries. Evaluations will test impacts of combined and isolated interventions, as some producers will be receiving credit and/or irrigation as well as the technical assistance support.

(iii) Roads Project. An evaluation will be conducted to test whether the improved roads leads to greater and easier access to markets for goods and services (both sale and purchase), and whether road rehabilitation is associated with an increase in incomes for road

users and/or communities surrounding rehabilitated roads, in each case pursuant to a methodology approved by MCC.

(iv) BRIGHT 2 Schools Project. A continuation of the current BRIGHT impact evaluation, using a regression discontinuity methodology to measure the program's effects on the school enrollment, attendance and performance of children.

5. Other Components of the M&E Plan.

In addition to the Monitoring and Evaluation Components, the M&E Plan will include the following components for the Program, Projects and Project Activities, including, where appropriate, roles and responsibilities of the relevant parties and providers:

(a) Costs. A detailed cost estimate for all components of the M&E Plan.

(b) Assumptions and Risks. Any assumptions and risks external to the Program that underlie the accomplishment of the Project Objectives and Project Activity Outcomes. However, such assumptions and risks will not excuse Parties' performance unless otherwise expressly agreed to in writing by all Parties.

6. Implementation of the M&E Plan.

(a) Approval and Implementation. The approval and implementation of the M&E Plan, as amended from time to time, will be in accordance with this M&E Annex, Program Implementation Agreement, and any other relevant supplemental agreement.

ANNEX IV

CONDITIONS TO CIF DISBURSEMENTS

1. **Applicability.**

The satisfaction of the conditions precedent set forth in this Annex IV, in form and substance satisfactory to MCC, shall be conditions to Disbursements of Compact Implementation Funding, *provided* that the following conditions precedent shall not apply to CIF Disbursements made or to be made pursuant to the Administration Agreement.

2. **Conditions to Initial CIF Disbursement.**

- (a) Delivery of an Interim Fiscal Accountability Plan acceptable to MCC.
- (b) Delivery of a CIF Procurement Plan acceptable to MCC.

3. **Conditions to all CIF Disbursements (Including Initial CIF Disbursement).**

(a) Delivery of a complete, correct and fully executed CIF Disbursement request for the relevant CIF Disbursement period.

(b) MCC is satisfied, in its sole discretion, that (i) the activity being funded by such CIF Disbursement is necessary, advisable or is otherwise consistent with the goal of facilitating the implementation of the Compact, (ii) there has been no violation of, and the use of requested funds for purposes requested will not violate, the limitations on use or treatment of Compact Implementation Funding, and (iii) the Government will have substantially complied with its obligations as set forth in the Compact.

(c) Each of the Fiscal Agent Agreement, the Procurement Agent Agreement, and the applicable Bank Agreement is in full force and effect without modification, alteration, rescission or suspension of any kind, unless otherwise agreed by MCC, and no material default has occurred or is continuing thereunder.

(d) Prior to any CIF Disbursement for a procurement, MCA-Burkina Faso will have established a bid challenge system acceptable to MCC; *provided*, that, this condition shall be deemed satisfied if MCA-Burkina Faso has adopted the interim bid challenge system set forth in the MCC Program Procurement Guidance on the Bid Challenge System available at <http://www.mcc.gov/documents/mcc-ppg-bidchallengesystem.pdf>.

(e) Prior to any CIF Disbursement related to the preparation of EIAs, EAs or RAPs, MCA-Burkina Faso shall ensure each of a resettlement specialist and a project management specialist has been selected and remains engaged with expertise and scope of responsibility satisfactory to MCC.

(f) MCA-Burkina shall ensure that each of its key officers, including, without limitation, its Environmental and Social Impact (ESI) director, has been selected and remains engaged, or is actively being recruited.

Statement regarding the Millennium Challenge Compact between
the United States of America Acting through the Millennium Challenge Corporation
and the Government of Burkina Faso
Signed July 14, 2008

Explanation of the Millennium Challenge Compact with Burkina Faso (Compact)

The Compact identifies the four projects that the Millennium Challenge Corporation (MCC) will fund in Burkina Faso (land tenure, roads, agriculture development and schools). It articulates the terms and conditions, responsibilities, and obligations of the United States, acting through MCC, and the Government of Burkina Faso (GOBF). MCC will oversee the implementation of the Compact on behalf of the United States. MCA-Burkina Faso, an independent, autonomous fund attached to the Office of the Prime Minister, will manage the implementation of the Compact, while the GOBF retains ultimate overall responsibility.

Background Information on Negotiations

On November 8, 2005, MCC's Board of Directors selected Burkina Faso as eligible to present a proposal for Millennium Challenge Account (MCA) assistance and authorized MCC to seek to negotiate a Compact, as described in Section 609(a) of the Millennium Challenge Act of 2003 (Act). Burkina Faso was also deemed eligible for MCA assistance in fiscal year 2007 and 2008. The GOBF submitted a proposal to MCC on October 24, 2006. MCC notified Congress pursuant to Section 610(a) of the Act on January 10, 2008, of its intent to commence negotiations with Burkina Faso, following a 15-day Congressional consultation period. Based on MCC's evaluation of the proposal and related documents, and subsequent discussions and negotiations, MCC and the GOBF finalized the terms of a Compact, which the MCC Board of Directors approved on June 17, 2008. The Compact was signed on July 14, 2008, by MCC Chief Executive Officer John J. Danilovich for the United States of America and Minister of Economy and Finance Jean Baptiste Marie Compaoré for the GOBF.

Effect of Compact

The Compact provides the basis for a grant of funds to the GOBF for implementation of a program designed to reduce poverty in Burkina Faso through economic growth. The specific objectives of the program are to increase investment in land and rural productivity through improved land tenure security and land management; to expand the productive use of land in order to increase the volume and value of agricultural production in Project zones; to enhance access to markets through investments in the road network; and to increase primary school completion rates for girls. The Compact also provides the basis for a grant of funds to the GOBF for the facilitation and acceleration of certain aspects of Compact implementation.

Legal Authority

Sections 609(a) and 609(g) of the Act.

Entry into Force

The Compact will enter into force on the later of (a) the date of the last letter in an exchange of letters between the principal representatives from MCC and the GOBF confirming that each has completed its domestic requirements for entry into force of the Compact and (b) the date that all other conditions precedent to entry into force set forth in Section 7 of the Compact have been satisfied.

Duration of the Agreement

The Compact shall remain in force for five (5) years from Entry into Force, unless earlier terminated.

Point of Contact

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